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Economic Affairs

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ECONOMIC POLICY, ORGANIZATION, MANAGEMENT

Abalkin Interviewed on Reform Issues

904A0202A Moscow LITERATURNAYA GAZETA in
Russian No 8, 21 Feb 90 p 10

[Interview with Leonid Ivanovich Abalkin, deputy chairman of the USSR Council of Ministers, by LITERATURNAYA GAZETA correspondent Pavel Volin: "Reform: A Tortuous Path"]

[Text]

[Volin] After becoming Deputy Chairman of the USSR Council of Ministers you retained your position as director of the Institute of Economics of the Academy of Sciences. This is an unusual combination in our country. What is behind it? A desire to have something to fall back on? Well, in any case? Or is it a desire to keep abreast of science and not break ties with the institute?

[Abalkin] Of course one always wants to keep abreast of science, but in this case, believe it or not, I was motivated neither by the one nor the other. This was a thoroughly planned step. The commission of the Council of Ministers for economic reform must form its position without pressure from extremely influential institutions, and this means that we must have absolutely objective and expert evaluations of any proposals, ideas, or projects. Who can give such an evaluation? Independent scholars. This requires that there be an autonomous collective of them, which our institute is. Science has one indisputable, sacred rule: to search for the truth and nothing else. As people swear on the Bible: the truth, only the truth, and nothing but the truth.

[Volin] Well that makes my task easier. As they say, we shall follow science. I shall be frank with you and say that I had the impression that the economic reform is slowing down. This is based not only on conversations with production workers and businessmen, from whom I hear that in principle nothing has changed here and in some ways things have gotten worse—I shall allow for a certain exaggeration here brought about by the impatient anticipation of changes and the irritation and even disenchantment caused by letting things go too long. But the summary data for last year did not dispel this impression, especially the last government program for improving the economy. It is divided into two stages and only the second—from 1993 through 1995—is called radical. And yet more than 4.5 years have passed since April 1985! I am increasingly coming to the conviction that the activation of centrifugal forces in certain republics, mainly in the Baltic region, is a reaction to the slowing down of the reform. I think that if it were to be conducted more rapidly and resolutely, they would not be so persistent about achieving economic independence.

[Abalkin] I am familiar with this assessment, it is fairly widespread in public opinion. But I do not agree with it.

We frequently compare words: what is said here and what there. For example, we hear: radical reform, movement toward the market, immediate measures—nothing but slogans! But the government program is not empty phrases but a workable, pragmatic document which records what must be done, in which sequence, and at which times while earmarking a number of practical tasks. But we must compare not words but deeds! So let us compare what has been done in the past 4.5 years and what has been proposed for 1990. Have we made much progress during this period? You will agree that it has been very little.

[Volin] Yes, unfortunately, that is true.

[Abalkin] Now let us look at what is to be done during the year that has just begun. You mentioned the Baltic area. And here are not words but reality: Four union republics—the Baltic republics and Belorussia—since 1 January have entered into a new economic mechanism based on complete independence. A number of other large regions—Moscow, Chelyabinsk, Sverdlovsk, Kemerovo, and Tatariya—are also changing over to the principle of self-financing and economic self-management. Further, this year we must invest more in the legal foundation of the reform than we have in past years. The law on leasing has already gone into effect and in the near future laws will be adopted on ownership, land, the socialist enterprise, the unified taxation system, and the banking system. A reform of wholesale and retail prices will be prepared... This is just a short list. If we do all these things it will be an immense step in the direction of reform.

Another thing. We have a gigantic budget burden on our shoulders. Last year resulted in a deficit of 92 billion, and this year we want to reduce it to 60: one-third less—what do you mean there is no change? The emission of money: last year 18 billion, while this year we want to stay below 10 billion. In a word, if we take a calm, cold look and do not give in to our emotions, I am sure that we shall move forward. Not as quickly as we should like? I agree. But this is a realistic policy.

[Volin] The watershed between the proponents and opponents of the reform is the market. It is the touchstone on which the real attitudes of various figures toward perestroika is tested. Shall we have a market—with competition, free play of prices, the ruination of the lazy and sluggish and the success of the intelligent and skilled—briefly, a real and not a sham market (incidentally, I just cannot understand what is meant by the expression "socialist market" which slips into speeches and official documents), and if we have a real market everything else will come with it: technical progress, an abundance of goods, their availability—as in all civilized countries. No matter how the anti-marketers, foaming at the mouth, have tried to prove their position, mankind has not thought of any better way of arranging life and constantly moving forward. But look at how long the most urgent problems on the path to the market, ones which are literally knocking at the door and burning our

fingers, are being put off again and again. I am convinced that this is a manifestation of a stubborn resistance to perestroika. Even the most important laws were not adopted last year: on ownership, the land, and so forth. Perhaps the program of the Supreme Soviet was too ambitious and there was not enough time? But documents concerning secondary issues were discussed and adopted. For example, at the first session—concerning USSR trade representations abroad. Ah, how immediately necessary that is, the only thing we are lacking for successful foreign trade!

[Abalkin] I agree with you that the changeover to the market is the most important issue. The 20th century has fully confirmed that only a market economy is capable of providing for high effectiveness of the national economy. There is not a single highly developed country in the world which does not have a market structure and, conversely, the example of inflexibility, low effectiveness, and retardation of technical progress is provided by the countries that do not have one. The market has turned out to be a phenomenon generated through natural selection by human civilization. In the delays in its formation you see machinations against reform and resistance to perestroika. And did you imagine that it would be any different? Can you give even one example from history when such revolutionary changes have taken place with complete unanimity, without resistance from conservative forces, and with only the applause of the innovators? We have conceived one of the deepest restructurings in our country's history. Perhaps the deepest. If we combine the economic reform with the political one, with the breakthrough into ideology, this plan far surpasses the NEP New Economic Policy. In terms of scope and in terms of depth... We must overcome the fossilized stereotypes perpetuated by an entire generation! And without struggle, without resistance? No, there will be both, for inertia is inevitable. Forming new elements of consciousness and getting rid of dogmas—these are the most important things. But also the most difficult. Take the question of ownership. It is possible to adopt a law, but if one has in mind not a normative act but real property relations, which are fed to us along with mother's milk, which determine the entire motivational mechanism for human behavior, then perhaps the generations require that new principles be established in the society and that they be changed from a fashionable abstraction to a norm of life. These are the kinds of transformations we are discussing. Much depends on the concrete economic situation: If it gets worse the conservative elements will become stronger and resistance will grow. The situation is very contradictory now and therefore the struggle before us will not be easy.

As concerns the delay in the adoption of laws, this, of course, does nothing to enhance the reputation of our parliament. The selection of primary and secondary tasks without taking their significance into account, unfortunately, does occur, and this only complicates the

government's work. In any case we submitted the draft laws you mentioned to the Supreme Soviet as early as September of last year.

[Volin] Was it possible to adopt them?

[Abalkin] They had to be discussed and, possibly, worked on further, but this is the function of the legislator.

[Volin] When there was a conference of economists in the Hall of Columns in the House of Unions I saw a newspaper photograph which showed a person with sign saying: "Shame on Abalkin!" I shall say frankly—you will not be offended?—that made me happy. Because when the retrogrades and enemies of perestroika let the dogs loose on you, speculating on the backward attitudes of the masses and their ignorance of the essence of things, this cannot but make one happy—it means that you are making the "advocates of the people" very angry. But when recently at an all-union conference of representatives of the working class, the peasantry, and engineering and technical personnel one of the speakers began to complain to you personally about the low prices for heavy industry goods, this can only lead one to despair: How bad must the lack of understanding get in order to think that prices must depend on the will of one person or even one institution? The idea of the market does not even enter their minds.

[Abalkin] When I took on the role of leader of a government commission for reform and entered into the inevitable struggle involved in this I had to see beforehand that I would be attacked from both the left and the right. Of course, I did not expect that they would be so bitter. Frequently the struggle is not for the truth but for the destruction of the opponent. Hence the peremptory judgment and categorical statements. Hence also the signs like the one you saw. But this is not a learned argument! We have long been saying that we must defend science from the pointing finger of the leadership. But it is no less important to protect science from the crowd. To adjust to its mood is no less dangerous than to adjust to the mood of the leadership. Science must serve only the truth and therefore its conclusions must be defended. A society that is moving toward renewal must write in its slogan: "Hands off science!" But I am experiencing pressure from various sides and I must, of course, learn, as they say, to take the blows. I must not panic.

[Volin] One of the main obstacles on the path to the market is monopolism in the national economy. This is what creates the dictatorship of the producer and the position of the consumer which is degraded in all respects. What kind of anti-monopoly policy is the government conducting? Or does it have one? Our main monopolies are the branch ministries? They will not go willingly. The elimination of several ministries during the formation of the present government when some were merged and others were simply closed down was a one-time, purely organizational measure, and it will not

make much difference. The movement toward the dying out of the ministries, these mastodons of economic life, will not take place, as it were, naturally.

[Abalkin] Why is it that when speaking about monopolies you reduce everything to the ministries? The problem is much more complicated. A monopoly is a many-headed monster and the "heads" have various forms. There is a technological monopoly in which the enterprise is the only producer of a particular item. For example, in the entire country we have only one factory that makes cigarette filters and any time it shuts down it affects the entire branch. There is also an organizational monopoly which is associated, you are right, with the existence of branch ministries. Where did we begin? We appealed to science. Two very important reports were prepared and were submitted to the government, one by the Institute of Economics and the other by the Institute of the United States and Canada. While their approaches were different, both came to the same conclusion: We need an entire anti-monopoly program, including the development of a network of small enterprises, the use of various forms of ownership, the introduction of principles of competition in the distribution of allocations, the adoption of drafts, the selection of scientific and technical solutions, and so forth. There must be competition! In everything. We are now preparing such a program and, possibly, it will include a number of legislative acts—concerning anti-monopoly measures, competition, the development of small business, and so forth.

As concerns the ministries, this question has also turned out to be more complicated than we thought it would be. Today we are only at the beginning of the transitional period from the administrative-command system to a market economy. The changeover will require time. The experience of past years has taught us that it is very dangerous to tear down more than we build. An example: We have sharply limited the administrative control over the growth of wages but we have created neither tax regulation nor a mechanism for coordinating them with the final results. And here is the outcome: During last year in industry the volume of output increased by 1.7 percent and wages, by 7.5 percent—a ratio of 1:5! And the economy is running wild. We must draw conclusions from the lessons we have been taught! Many people have perceived independence of the enterprises to mean the right to increase the prices of their products without restraint. And a new turn in the inflation spiral is beginning. We are feeling the painful blows more and more strongly and until we have mastered an anti-inflation mechanism—and they have been studying this in the West for decades—we must retain the existing levers for planned regulation. Hence the need for the ministries during the transition period.

[Volin] Sometimes a kind of willfulness is manifested in our country. You brought up inflation. And I recalled the storm that was caused inside and outside the Supreme Soviet by the government decision to place a temporary ban on the growth of wages if it was not brought about by an increase in the output of consumer goods. One can

understand the widespread dissatisfaction: People want to earn more with their labor. But even if many people did not agree with me, it seemed to me that this step of yours was absolutely correct: Without resolute, even extreme measures it would be impossible to stop the dangerous and ever increasing disparity between the population's monetary reserves and the mass of commodities. But how does one reconcile with this the arbitrary actions of other management organs which in opposition to the government's position have sharply increased salaries for party, trade union, and other apparatus. It is incomprehensible!

[Abalkin] I would divide this question in two. I understand that what I am going to say first, to use an expression analogous to yours, will not add to my popularity, but I am convinced that it is necessary to increase the wages of some of the apparatus workers, particularly those in the ispolkoms executive committees

[Volin] When 40 million people are on the verge of poverty?

[Abalkin] If we want intelligent and competent people to be working in these ispolkoms—and the overall level of the activity of the soviets depends on this—then we must pay correspondingly. But the way in which it was done...was entirely irregular. It is embarrassing! I am simply embarrassed by this. It was done quietly, as though on the sly, hidden from the people. And they could not have chosen a worse time. They had just insisted on limiting the wage fund and beaten off all attacks and then... How could this happen! This is one more example of our ineptitude, our poor thinking, and our haste. As a result public opinion snapped back at us. As they say, it serves us right.

[Volin] Let us return to the question of the ministries. When we spoke with you last, a little more than a year ago, we also touched on this. But at that time you expressed your thoughts somewhat differently and more sharply. Before today's meeting I especially looked at the notes from that conversation and here are your words: "If we retain the present structure of management along with the ministries we will not succeed in changing anything. They will not eliminate themselves of their own accord. The means that we must have the courage to decide on this step." But today, you will agree, your thinking is somewhat different. Is it because you have a different job?

[Abalkin] If I said something a year ago or 3 or 5 years ago and then stubbornly refused to budge, not seeing where we had come or whether or not my previous conclusions coincided with the development of events, would that be a good thing? Regardless of my current job, but simply from the standpoint of pure science? I should still be able to critically evaluate both the current situation and my previous views. We are now increasingly encountering growing chaos in the national economy, the question of loss of control arises, and all this requires serious interpretation. Apparently our ideas

about the possibility of an immediate dismantling of the economic machine and our attempt to control such a gigantic national economic complex as ours in a different way were not completely thought through. Take the coal industry which, as they say, has everyone's attention. Well, we are proceeding toward independence of the mines, we have turned one of them, in Kemerovo, over for leasing, and we have reduced the proportion of the state order. But, thank God, we had enough heat to avoid a tragedy this winter, so that the cities did not freeze, but the threat was real and we should have created a fuel reserve in the country. But to do this someone would have had to take control of the flow of coal, to direct it, and so forth, call it what you will—the ministry, the central dispatch point, the association of coal enterprises. Yet I did not hear a single suggestion, even from the most radical miners, to eliminate the Ministry of the Coal Industry.

[Volin] If all of the mines and not just one were to change over to leasing, then what would happen?

[Abalkin] We would be working on a different problem. In general the question of the very legal act of eliminating the ministries today, from the perspective 1990, seems to me to be a naive, romantic demand of the initial ideas about the paths of development of reform. And a mature view tells us something else: We must update and radically change the functions of the ministries and give them different kinds of authority...

[Volin] Then they would not be ministries in the current understanding. You mentioned associations, and this is something altogether different—voluntary associations.

[Abalkin] How can one imagine even the establishment of coal prices without a union wide organ when there are coal basins in various parts of the country with various conditions?

[Volin] The market, the market!

[Abalkin] And when houses are standing there without heating everyone asks the government: What is the Council of Ministers doing?

Leasing, incidentally, envisions a very interesting condition which leads directly to the formation of a market and does not violate today's proportions. This condition is the following: An enterprise that changes over to leasing must accept a state order no greater than the level that exists at the time of the changeover. Let us say that for a mine the state order was 90 percent of the amount extracted and this amounted to a million tons of coal. When it changes over to leasing it must sell this million to the state and it can trade with the rest as it wishes, on either the domestic or the foreign market. I, the state, use this coal to heat schools, hospitals, and cities—in brief, I have a guaranteed minimum.

[Volin] But still the ministries are in all ways sabotaging the changeover of enterprises under their jurisdiction to leasing. One can understand the departments: They are

afraid of being left alone, bare, as it were. And therefore they latch on to whatever they can as long as they can save themselves and remain in power. They know that the more leasing enterprises there are, the narrower the arena for the ministries. And if they are ultimately left with nobody, whether they like it or not they will have to close. The law on leasing is barely in effect and look and the insane resistance they are giving to all the pioneers: They are trying not to let them out from under their tutelage, but they are not succeeding—they are doing everything possible to make them fail. This, incidentally, is the real price of the "concern for state interests": If only they can remain at the wheel.

[Abalkin] Having looked at this process from the inside I see the problem somewhat differently. Where does the enterprise intending to change over to leasing most frequently begin? By reducing its centralized deductions into the state budget and as a result of this simple operation the ministry receives an advantage. It has earned nothing yet! I ask them: Did you give away half of your profit? You changed over to leasing on 1 January? Be a good guy and in 1990 give half of what you earn as usual. But they do not want to: Let me keep more or else I will not feel the effects of the leasing. But you cannot feel the effects the minute you change over! First earn a little more and give 50 percent as you did before, but increase production and reduce expenses and increase profit. Earn a million and keep 500,000, earn a million and a half and keep 750,000. How else can it be?

Further. Before it went over to leasing the enterprise received resources from the ministry—metal, cement, and so forth. And for its part it delivered products according to the ministry's instructions. With leasing they must either eliminate both or keep both. But not this way: I shall sell my products to whom I wish but you provide me with resources as you did before. That will not work. If you want me to supply you with the same volume then deliver to me as much as you did before. There should be mutual interest and mutual responsibility. But we have not yet developed the ethics of the new relations. And where will we get them if we have neither democratic traditions nor a history with the market. With the kind of pressure and agitation we have now: Grab as much as you can and right away, immediately, it will be quite terrible for the economy.

[Volin] Maybe this is like a childhood disease and we shall simply have to live through it.

[Abalkin] Probably. You cannot get into a university immediately after completing grade school. You can reduce the time period of study and take an externship to complete the requirements for secondary school, but at least a minimum course of study is needed. It is unthinkable to move immediately to the market from an administrative system where there is not need to think but just to follow orders.

[Volin] The problem is that this process is not going anywhere. Under the guise of assimilation, the accomplishment of a changeover to the new is bogging down hopelessly. I am afraid that this is not without design. Two years ago in an essay printed in the magazine ZVEZDA I locked horns with the leaders of two of the leading economic departments—the Gosplan State Planning Committee and the Gossnab State Committee for Material and Technical Supply. Having published articles in the central press at almost the same time, they were working as hard as they could for the most rapid economic reform, but one of them was promising to change over to wholesale trade as soon as economic accountability was introduced at the enterprises while the other explained the slow assimilation of cost accounting by the absence of wholesale trade. A cock and bull story! I got the impression that both leaders—one the chairman of the committee and the other a first deputy—were not only fooling one another but, as though they had agreed beforehand, were “playing for the public.” And this game has been going on for decades! They find more and more excuses why they cannot change over to the market for goods for production purposes, without which the national economy cannot develop successfully. And now... You said that everything in excess of the state order remains at the disposal of the producer and he can do with it as he wishes and sell it wherever he wishes. But he cannot! That is the problem. We have already accumulated many billions of rubles’ worth of above-normative supplies of all kinds of production goods at the enterprises, but where can we sell them? Again the Gossnab is trying to take charge of everything. It is creating certain new subdivisions and offices of its own so that wholesale trade can take place only through them. But what good are they, who needs them except for the Gossnab itself? It would seem to be quite simple. Let there be a commodity exchange: A person comes and offers his goods, finds a buyer, and sells them either by himself or through an intermediary—that is all; you are not dependent on anyone and you do not have to ask anyone for anything. But no, only through us. That is why the country does not yet have a market and we do not know when we will have one. This is one of the clear examples of rampant conservatism and the staunchest resistance to the new.

[Abalkin] Do you know how long we have been discussing changing over to wholesale trade? Exactly a quarter of a century. Since 1965. Scientific conferences have been held, dissertations have been defended, articles have been printed, monographs have been published, but we are no closer to the market today than we were then and we might even be further away from it. Twenty years of discussion and no progress. And I am saying that we intend to take this path not through discussions but through the development and implementation of a concrete program for forming the market, on which our commission has now been working for 3 years. And if I throw on the scales the quarter of a century of discussions and 3 years of practical work, I think the latter will outweigh the former. They can reproach us by saying that 3 years is a long time, but it is realistic.

[Volin] But, incidentally, why 3 years?

[Abalkin] New structures must be formed—market structures as alternatives to the Gossnab. These structures are already beginning to be designated. We must create not only the trade exchanges themselves, although several small ones, as they say, will be needed for them—mainly capital investments for constructing and equipping premises. We need information support to have direct ties with the bases and also other information support—in the form of press organs—concerning surpluses, reserves, and the offering of goods and services. Finally, we need such a small thing as personnel who are able to trade, know marketing, are accustomed to studying market conditions, and have a taste for this. But we have no merchants! We can make all the appeals we want to but no matter how hard we look we will be doing well if we find 100 of these people, and we need thousands of professionals! This means that we must send people to study abroad and open up courses for training specialists here.

[Volin] There is one more, perhaps the most obvious, example of resistance to perestroika—the attitude toward cooperation. We continue to talk about this but the situation is getting worse. In my opinion, some people simply want to get rid of it, as they recently tried to do in Moscow and before that in Uzbekistan. Look at what happens. In words and in “principle” everyone is in favor of the development of cooperation, but frequently this is only a policy of pretense—I can find no other word—with respect to it. On the other hand, cooperators are directly forced to increase prices when they are charged three times as much for raw materials, required to give bribes everywhere, and so forth. On the other hand they are pushed toward increasing prices by the lack of competition within the cooperative sector since new cooperatives are not being allowed to be opened and existing ones are being shut down. Thus the population is set against cooperatives and, while blaming them, still continue to narrow their activity in all ways, causing further increase in prices. A vicious circle! And yet cooperation could play a decisive role in the fight against monopolism and in the establishment of the market.

[Abalkin] Precisely! Many people forget about the fundamental idea of the cooperative movement, perceiving it merely as a means of patching up holes and filling gaps in the consumer market which the state sector cannot handle. That is not the main intention. The enormous task of cooperation is to destroy the monopoly of the state sector. Moreover, I assert and am prepared to prove that the powerful movement of the state enterprises for independence has become much stronger under the direct influence of cooperation. It has played the role of a leavening by showing what people can achieve when they acquire their independence, the possibility of displaying initiative, and the conditions and wages that are required to make them ready to stay in their places and, as it were, invest.

We must place cooperators in equal conditions with state enterprises with respect to taxes and supply, and state enterprises must be brought to the level of independence

and rights associated with economic accountability that have been achieved by the cooperatives. Then everyone will be equal, and only under those conditions will real competition be possible. The government's attitude toward this is quite definite. You recall the difficult moment at the meeting of the Supreme Soviet when we were discussing the draft law on cooperation and the essential question was raised in its regard: To be or not to be?

[Volin] Of course I recall. During that time the entire country was frozen in front of their television sets waiting for the figures that would appear on the display.

[Abalkin] This was a very risky moment. The government had taken a clearcut position and was defending the cooperatives. They are growing in spite of all the bans and restrictions, which confirms their viability and shows the power of natural selection. The volume of production of goods and services through cooperation the year before last was equal to 6 billion rubles, and last year—40 billion. A more than 6.5-fold increase in one year.

I recently visited the Moskva department store. Last year it sold 8 million rubles' worth of goods produced by cooperatives and 9 million produced through individual labor activity. But the main thing is that trade is beginning to take control over the producer! For example, the cooperatives have decided to manufacture jeans—one after another they joined in and began individual labor activity. Then the department store informed one and all: We will not take any more, there is no demand for them, you must start making something else out of the denim fabric—jackets, skirts. And they began to adapt to the demand. The department store is influencing the production. It is no longer a matter of the ministry giving the order and the consumer being forced to take what he can get!

[Volin] Normal market relations. Trade plays its natural role as a regulator of production, eliminating the administrative apparatus from this. Perhaps this is what the enemies of cooperation are afraid of and want to avoid...

Just before New Years, if you recall, I asked you to give LITERATURNAYA GAZETA a prediction for the forthcoming year but you did not want to, blaming your dislike for predictions. Will you perhaps do this now?

[Abalkin] Let us fantasize, but in "reverse": Let us look not at the future but let us take a retrospective look. Let us return in our thoughts to a year ago and imagine our conversation at the beginning not of 1990 but of 1989. Could we have imagined the events of the past year? Let us recall. In March there were the elections, and they were so extraordinary that who could have predicted the results at that time? Very few. Further: the Congress of People's Deputies, the formation of the Supreme Soviet and the formation of the government. Remember how everything proceeded and you will agree that hardly anyone could have predicted actions that were so unusual for us. And further? The summer miners' strikes and the events in the Baltic republics and Transcaucasia... It would have been even more difficult to take such

things into account. And now? Who can say which turn things will take next? Too much is unpredictable. In such a situation is it possible to make predictions with any kind of accuracy? Well, I hope there will be no strikes during the winter. It is too dangerous for the state, and the society should turn away from those who are willing to play with the destinies of millions of people. But who can say with confidence what awaits us in the summer?

But if such upheavals do not take place, then I hope that by autumn—this pertains only to the sphere of the economy—the consumer market will begin to balance itself out and people will be experiencing the first steps toward improvement. And that, I think, is the main thing, the bottom line.

[Volin] As they say, thank God. We shall count our chickens in the fall.

Government Committee on Joint Stock Relations Needed

904A0219A Moscow PRAVDA in Russian

23 Feb 90 Second Edition p 2

[Article by V. Vologzhin, USSR people's deputy: "A Member of a Joint Stock Company at an Enterprise Will Be Both the Owner and Worker"]

[Text] Our time is a time of searching for new truths both in economics and in ideology, truths which will lead the country out of the crisis and will create for each person conditions for productive labor and a well-to-do life. But they say that the new is the well forgotten old. Today, the concept of joint stock ownership is being freed from under the press of dogmas and set stereotypes.

Joint stock ownership was prevalent in the country in the 1920s and early 1930s and at that time proved its effectiveness, obeying only the laws of economics. But the Stalinist administrative-command system replaced the syndicates and joint stock companies with state enterprises and sectorial main administrations. However, the right to create joint stock companies exists in our country.

And already today many researchers, economists, and economic managers are proving the need to develop joint stock relations in our economy.

The Second Session of the USSR Congress of People's Deputies demanded that this question be studied specifically, instructing the government to prepare and submit for consideration of the USSR Supreme Soviet a draft law on joint stock companies.

Just what should lie at the basis of the elaboration of this law? Above all, there should be an unbiased analysis of foreign experience, the first experience of organizing domestic and joint stock ventures. Certainly, it requires a political economic and philosophical comprehension of the emerging joint stock ownership in a socialist society and its ability to provide a real basis for raising

the people's standard of living, developing productive forces, increasing the production potential, and accelerating the rate of economic growth.

That is why the elaboration of the methodological concept itself of using the joint stock form as it applies to the troubled economic situation in the country becomes so important. Now such methodology is lacking.

It is namely in this instance that we must talk not about the lagging behind, but about the isolation of science from practice, for the ways and conditions of establishing joint stock relations are fairly widely known throughout the world. Above all, the most important characteristic of any joint stock activity is its ability to mobilize the available money resources of enterprises, organizations, and individual citizens to develop production and the social sphere.

The mechanism of forming joint stock relations in most developed and developing countries is fairly simple, clear, and effective. After all, it is direct not declared participation of citizens in owning the property of firms and enterprises that is at its basis.

Joint stock ownership is always collective ownership, and a share of stock is the bearer or title of ownership which, like any other, gives a real right to official management power. And we must reckon with this. Are such traits contrary to the nature of socialism? No, for the earned basis of income from stock shares is fairly obvious, in the opinion of many experts, if the majority of the shares belong to the labor collectives.

Readers know that neither the labor collective nor the individual worker has strong incentives to work productively. Shares of stock arouse such an interest, a long-term interest aimed at the overall results of labor. But not just that. As our own experience shows, they link future production goals, demolishing the alienation of workers from ownership. And this is far from a complete list of the creative principles of the joint stock form of economic management.

It is namely this form of economic management that is capable of uniting state and personal interests to achieve maximum results. The worker becomes a real owner at a state or other enterprise, investing part of his own personal funds in fixed assets and working capital.

Accordingly, the role of the labor collective council or other collective management body changes significantly: the income being distributed by the stockholders and the ways profits are used become a subject of their constant concern. The creative activity and initiative of the workers produce magnificent results. People's interest in collective labor is maintained by the systematic extra charge from income for shares of stock. I would emphasize that in this respect, everyone is equal—blue-collar workers, the director, and white-collar workers. But here it is very important to ensure social justice and never have highly skilled workers and specialists equal in

income with lesser skilled workers. Hence the workers' desire to increase their knowledge and skill.

Another important feature is that with joint stock relations, a mechanism is created for giving part of the profits directly to the producer. It is quite important that the worker-stockholder has a greater sense of economic incentive and material responsibility; otherwise, the shares of stock will depreciate, and this is a loss of additional personal income.

Thus, the entire system of joint stock relations at an enterprise is structured on the direct material incentive of the workers. What is more, they have a personal and collective concern, which means also a responsibility for the results of hiring managers (and not elections). Shares of stock also "blend in" well with leasing. I will give an example. The management of the Verkhniy Sinyachikha Plywood Combine proposed, in the amount spent from cost-accounting income for acquiring means of production, to issue shares of stock that could be held only by members of the leasing collective. The people had a direct incentive to acquire new equipment. And they would clearly use it effectively and carefully.

How will joint stock ownership affect structural policy? Experience shows that joint stock relations, as a rule, reorient the structural policy toward moving production closer to social needs. Thus, the director of the Zavety Lenina Sovkhoz in Stupinskiy Rayon of Moscow Oblast, M. Lapshin, telling about the experience of his joint stock enterprise, emphasizes that the workers' money is invested only where it will get the maximum profitability. Workers invested money in the development of small farms and cow barns for 50 head with adjacent land and cultural and communal facilities for the family. This form in conditions of family contract is not only the most effective for them, but also makes it possible to achieve high economic indicators.

The various conditions and results of production also dictate various possibilities of obtaining dividends from shares of stock. No, these are still not joint stock companies in the classic sense. But shares of stock have made it possible not to be afraid of new relations and new concepts and to take the next step in production relations. It can be said that in getting accustomed to shares of stock, millions of workers are beginning to master the laws of a market economy.

Here a question arises as to the limits of responsibility of the joint stock companies to the state. If we assume that a joint stock company, owing to its shortsighted economic policy or for some other reasons, goes under, to what limits of its property will it be liable to its creditors? This is of great importance, determining the degree of risk that is psychologically acceptable to shareholders. There are many problems. And I am confident that life will dictate the need to organize in the government a State Committee for Problems of Joint Stock Companies. It is this committee that must organizationally ensure that all appropriate measures are carried out.

The joint stock form of economic management needs to be given a green light at the complex crossroads of the destroyed economic track. Only legal and economic protection of joint stock relations will make it possible to uncover the potential in them in the immediate future.

INVESTMENT, PRICES, BUDGET, FINANCE

Wage, Price Distortions Complicate Price Reform

904A0203A Moscow PRAVITELSTVENNYY VESTNIK
in Russian No 7, Feb 90 pp 6-7

[Interview with Anatoliy Nikolayevich Komin, doctor of economic sciences, first deputy chairman of USSR Goskomsen, by Yu. Rytov: "Prices and Wages"; date and place not given]

[Text]

[Rytov] Anatoliy Nikolayevich, we are compelled to speak about a problem which is extremely unpopular in the country. We recall discussions on this topic that have gone on for two years. Even though the points of departure that the reform of pricing cannot bring about a reduction in the people's standard of living were formulated rather clearly, the reaction of the public has still been negative.

[Komin] There are at least two reasons for that. The first is that a sizable segment of the population is not sophisticated enough about economics, so that they cannot competently evaluate the proposals that have been made. For a long time, our propaganda was based on the utterly unscientific approach that prices in a socialist economy must drop or at least remain stable, while wages must rise. Indeed, many people believe this even today. And the other is the unobjective position of many people in the media who do not wish (or are unable) to deal with the realities that are making our life more complicated. Representatives of economic science are largely to blame for this. It should be clear to everyone: no kind of market can be set up unless the monstrous deformations and distortions in the price structure are eliminated.

[Rytov] It was frankly stated at the February Plenum of the CPSU Central Committee that the pricing system is the main missing link that is causing the entire economic reform to stall.

[Komin] Yes, restructuring the pricing system was in fact a very important element in the program for economic recovery worked out by the government and approved by the USSR Congress of People's Deputies. As you mentioned, it was foreseen that this effort would be carried out in the period 1990-1992. However, in my view there is both an acute need and every opportunity to fit into a shorter time frame.

It must be plainly stated that it will be far more complicated to carry out the reform now than 2-3 years ago.

Over the last three years, disproportions in prices and finances and the disequilibrium of the market have increased substantially. The reason for this is that we began the restructuring of the economy from the wrong end as it were. Instead of restoring order in basic economic phenomena and correcting the deformations that depart from economic laws, we took the easier way: piecemeal measures to improve the economic mechanism for management of the economy, having to do only with the superstructural factors of the economic system. We began the campaign against alcohol with measures that dealt a direct blow to the budget and the equilibrium of the market, and the laws on the enterprise and the cooperative were adopted hastily. We lost control over wages, and the shadow economy was legalized through the cooperative and gained a freedom it never dreamed of. Instead of a single regulated market, we now have numerous local markets forming, each with its own economic base. Alongside the state market with its shortages, the market of the cooperative sector with its speculative prices is gaining more and more strength, and regional markets of separate republics, oblasts, and regions are forming. Bearing in mind the distortions in prices and their utter detachment from economic requirements, one can easily understand that all these new formations and independence come down above all to a desire to get rich because of shortages and price differences and above all at the expense of the interests of the state and its budget.

The Law on Leasing which has been adopted may also go in this direction. At present, the transition to leasing is being made mainly by those collectives which are convinced that they will achieve a substantial gain in remuneration on the basis of price factors, not production factors.

Getting out of the crisis requires measures that pertain to the economic base, to restoring order in the fields of prices, finance, wages, and other personal money income.

[Rytov] Please list the initial factors which determine the content of the upcoming reform....

[Komin] Now that the transition of management of the economy to economic methods is being accomplished consistently (although not as rapidly as one would like), the deficiencies and accumulated contradictions in the area of commodity-money relations have shown up with particular acuteness. These contradictions are painfully felt by people at their jobs, in production, and when they look at empty shelves in stores. We have come up against the indisputable phenomenon in which neglect of the operative economic laws has caused an imbalance of the economy, above all in the financial sphere. An immense budget deficit has occurred, the issuing of money has increased, and the unsatisfied demand on the consumer market has reached the colossal sum of 165 billion rubles.

[Rytov] Economists have proposed various methods for treating this disease....

[Komin] I must emphasize at once: all the recommendations that have come in have been thoroughly studied. And we have tried to choose a version that would take into account both all the existing points of view and also the realities that have taken shape in the economy. What in my view should be our point of departure?

If the disproportions in the economy were not so great, then the situation might be corrected gradually and at small cost. But the system has gone so far out of balance that it is no longer possible to do without a surgical operation. At this point, we must talk about something more than a reform of pricing! The problem can be solved only with a multipronged approach: in addition to a revamping of the price structure, there needs to be a restructuring of the credit-and-financial mechanism, the system of remuneration and other personal money income.

[Rytov] Anatoliy Nikolayevich, much has already been said to the effect that the present price structure bears a noticeable imprint of subjectivism and voluntarism....

[Komin] No doubt about it. It is, after all, a direct offspring of the administrative-command system of managing the economy, which over all the years since the war has bent prices to accommodate its current interests of the moment. Distortions in prices, the discrepancy between prices and real material costs and inputs of labor, brought to life a parallel system of subsidies and other budget compensations. At first, they seemed to "paint over" the gaps between the prices of different sectors and branches. But this became more difficult to do with every passing year. Judge for yourselves. Whereas in 1965 the sum total of state subsidies amounted to only 3-3.5 billion rubles, they have now reached more than 110 billion, and in the coming 5-year planning period they will increase an additional 30-40 billion rubles. The logical conclusion that must be drawn from this is that maintenance of the present price system inevitably requires maintenance of the old administrative methods of administrative management of that kind of system.

As we gradually deformed the price structure, we were forced to adapt wages, pensions, scholarships, and other personal money payments to it. Ultimately, we arrived at remuneration that was divorced from a person's real contribution to the economy.

[Rytov] This is particularly evident if we try to compare our standard of living with the corresponding indicators of the capitalist countries.

[Komin] Quite so. The average monthly wage of workers and employees in our country is now 240 rubles. In the United States, it is approximately \$2,000. That is, a fivefold difference (at the official exchange rate \$100 = 60.1 rubles). If we use the special exchange rate (\$100 = 601 rubles), then the relation is utterly inexplicable: a

50-fold difference. But in the calculations of the American economists themselves, the standard of living of the Soviet people is approximately one-third what it is in the United States. Some of our own more objective data indicate the same thing. For instance, the per capita volume of our national income is 55 percent of the American volume, and the volume of agricultural output produced is 75 percent.

Here, we also need to take into account the structure of the national income, which in the United States is oriented toward the sphere of consumption, and the absence of losses which occur in processing and getting the product to the consumer. That is how you arrive at a difference in the standard of living of 1:3.

[Rytov] But let us go back to the phenomenal difference in the figures on remuneration in the United States and the USSR. How could that happen?

[Komin] The answer is very simple. The leapfrogging of prices has an effect on all products and services. The budget subsidies and compensations paid on a number of consumer goods, food above all, also have an impact. Taken together, they have brought about an artificial depression of the level of our wages.

What is more, maintaining low prices on some goods is constantly forcing us to hike up those of others of the same kind. The value relations which have taken shape in our country are difficult to understand for anyone on the outside who does not know our way of life and our prices. For example, it is utterly incomprehensible that at such a low level of wages we sell more than 1 million automobiles at a price on the order of 10,000 rubles. What is more—even at those prices people cannot buy them and are on the waiting list for many years.... Or take another example. We are probably the only country in the world where consumer goods made from synthetics cost the same or are more expensive than the corresponding articles made from natural raw materials.

The "wonders" of voluntaristic pricing can be encountered at every step. But even this is not the greatest evil for our economic relations. There is something still worse: while we have an artificially depressed level of remuneration, we are deforming all value proportions, beginning with the extractive industries. It is there, in the mining and production of fuel and energy and raw materials, that the sources of deformation of the real evaluation of labor are established.

[Rytov] Your thought can be illustrated with some figures on the value of certain consumer goods in the United States (to be sure, they pertain to the year before last, but they still allow us to make a judgment about relations between our prices and foreign prices with a sufficient degree of probability). So, a kilogram of beef costs \$6-9. A package of Marlboro cigarettes costs \$1.60. Annual subscription to a newspaper costs \$120-180. A VCR costs \$400-700. A midsize automobile costs \$12,000-15,000. A pair of men's leather shoes costs \$50-100.

[Komin] Price relations of various groups of commodities are approximately the same in the other capitalist countries as well. And these figures convincingly show once again how distorted our pricing structure is.

[Rytov] Another question naturally arises. What should the average wage be if prices of goods and services were normal?

[Komin] Calculations have shown: in the context of the new prices and at the same standard of living, the average monthly wage must be approximately 450-500 rubles. Then it could be compared to the wages in the United States and the other capitalist countries.

[Rytov] We were speaking just now about the average wage. I foresee doubt on the part of some readers: Won't a restructuring of the price system and wages have the result that once again the gain will go to the well-off strata of the population?

[Komin] No, that will not happen. First, because the principle of a directly proportional growth of wages relative to the base that now exists is hardly applicable here; a regressive scale must be used. And second, do not forget the new system of taxation, which envisages a progressive system of payments made from high income. In short, social justice must be fully guaranteed. The important thing here is that these processes not get out of control and do not become spontaneous.

[Rytov] And what will happen with social welfare? It is obvious that the revision of prices and wages will be combined with a corresponding change of pensions, scholarships, benefits, and other payments.

[Komin] Without a doubt. I would mention in particular one fundamental principle in the draft of the new pension law. The maximum size of the pension must correspond to the minimum wage level. If the latter is 140-150 rubles after the reform, then the minimum pension level will be the same. And from that baseline it is easy to make the calculations for all other categories of pensioners and all other people receiving benefits.

[Rytov] We thus confront an entire chain of interrelated problems. Remuneration has to be normalized. We have to restore to prices their original importance. Where are we to begin? What comes first and what comes second?

[Komin] In my view, we ought to deal with prices first. It is here that an immense sociopolitical burden has built up in which the level of deliberately maintained prices has come into contradiction with the demand of the public and satisfaction of its needs. I will give an example. The depressed prices of food are undoubtedly hindering full use of even that modest potential for production which we possess. The state provides almost 60 kopecks of subsidy on every ruble of food. And that system of subsidies has at least two adverse consequences. On the one hand, it does little to stimulate the growth of production. While on the other, it does not promote economical and optimum use of products, it

engenders an attitude of dependency. For instance, the state supports the low price level on the assortment of goods for children. The subsidies amount to more than 5 billion rubles. Here again, paradoxical situations arise. First of all, many children's products—in the largest sizes—are also purchased by adults, who take advantage of the state subsidy although it was not intended for them. At the same time, the physical development of some adolescents at the age of 16 and 17 requires clothing and footwear on which prices are almost twice as high as for the same goods in the children's assortment.

If we continue the practice of applying such prices, we will hardly be able to fully satisfy the population's need for the children's assortment by pursuing the line of social justice. In my view, it is preferable to take a different road, namely: set the prices of goods for children so as to take into account the full costs, and distribute the amount of the subsidy which is now paid from the budget among low-income families with children in the form of special coupons. These coupons would be accepted in stores along with money. This procedure of social assistance that would be administered by local government authorities is fairer.

The same thing might be applied to goods for the elderly, which are sold at what are referred to as socially low prices. In short, the entire policy of aiding low-income families must be pursued through direct financing in the various forms that are the most convenient.

[Rytov] There is yet another aspect of the problem. The sphere of gratis services to the public will probably have to be dealt with as well. After all, it too is based on preferential rate schedules: housing and municipal services, certain everyday services, transportation services, and so on.

[Komin] We used to think that the greater the spread of the sphere of gratis services and application of preferential prices and schedules, the better it was. This was elevated to the rank of an achievement of socialism. Experience has shown that this line has not justified itself. First, there was not sufficient room in the budget for the service sector, and people still had to pay. Second, the needs in this sector grew far faster than the capabilities which the state possessed. Third, planned-loss rate schedules again grossly distorted price proportions in the economy.

And now the time has come to think about the reasonable limit within which gratis services can be preserved. In the final analysis, its further expansion results in leveling, dependency, and social passivity of a certain segment of the population. Probably even with municipal and everyday services to the public we need to draw a clearer line between what we must support from the state budget and what should be paid for at the full price.

[Rytov] This applies even to rent?

[Komin] Here again, as is well-known, there have been lengthy discussions, but the situation now is the same as before. It is not enough that the major portion of the housing stock is turned over to individuals without payment. The state also covers most of the expenses of maintaining it. We should not, of course, oversimplify the picture: in the final analysis, everything is created and maintained at the expense of the workers themselves. But social justice is being violated even here: thanks to their official position or other factors people who have benefits in obtaining housing have had an immense gain compared to other people. But this is another problem we will be unable to tackle until we reassess the wage structure....

[Rytov] Looking into the future, we must assume that the reform of wages and prices will have yet another incredibly important consequence: it will considerably ease the transition to convertibility of the ruble....

[Komin] You are absolutely right. How can we speak of ruble convertibility if our system of prices and remuneration is fundamentally incompatible with the one that exists in other countries? In this case, discrepancies could always arise in the purchasing power of the ruble and other currencies, discrepancies in profitability and unprofitability of various goods. We know what inconveniences this creates now for citizens of the USSR traveling abroad and for guests from other countries visiting us....

[Rytov] Sometimes there are inconveniences. Sometimes there are large gains....

[Komin] What can you do: people have learned to adapt to the difference in prices that exists from country to country.

I am convinced that this kind of problem cannot be solved by setting up stronger currency barriers and through other administrative measures. Economic levers must operate. And if they are to be activated, prices have to be normalized and brought into conformity with costs.

Dual Price Structure For Producer Goods Recommended

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[Article by Z. S. Broyde, Chernovtsy State University, L. V. Pogorelyy, director of the All-Union Scientific Research Institute for the Testing of Machines for Animal Husbandry and Feed Production of the USSR Gosagroprom, VASKhNIL [All-Union Academy of Agricultural Sciences imeni V. I. Lenin] academician, and I. V. Boyko, chief of the Main Technological Administration of the USSR Ministry of Tractor and Agricultural Machine Building, Moscow: "Second Price: Possibility of Choice"]

[Text] Each of us feels the shortcomings in price formation through retail prices. However, the state in trade reflects deeper troubles in the wholesale price system.

In their nature wholesale prices are regulators of the correlation of supply (production) and demand (consumption) under market conditions. The basic parameters of economic development (market saturation, production restructuring, profit redistribution, and so forth) are determined by the speed of operation (inertness) of this regulator.

When the need for some product appears, not in a very short time the Gosplan sets an assignment for its production, after which the consumer's superior department jointly with price formation bodies determines the ceiling price of this product. After that the producer adjusts production to production costs and profitability corresponding to this price. At the same time, the consumer properties (quality, reliability, and durability) of the product are not in the first place.

And what happens with the improvement in consumer properties?

There is one principle here—a reduction in production costs by no means always operating in accordance with production patterns.

The development of modern production, if it is considered from the standpoint of satisfaction of demand, is determined by two economic tendencies (according to L. V. Kantorevich¹).

1. In order to satisfy society's growing needs, it is necessary to constantly introduce fundamentally new technologies, materials, and design solutions, which, as a rule, increase production costs (especially at the initial stage). These expenditures can be covered either from a nonmarket source (for example, from the state order), or by the profit received from the consumer owing to the higher price of the product with better consumer properties.

2. When stable consumer properties are attained, a reduction in production costs should begin owing to the improvement in production organization (reduction in material intensiveness, increase in output, and so forth). The possibility of obtaining additional profit is the incentive for such a reduction. Under conditions of competition, or for other reasons, the price can also be reduced.

The first tendency is characterized by the application of major promising discoveries and inventions and the second, by the realization, as a rule, of less significant technical solutions and rationalization proposals.

Two conclusions can be drawn from these quite obvious patterns in technical progress.

First, covering the costs of innovations from profit is preferable to covering them from nonmarket sources, because then the growth of profit directly depends on the degree of satisfaction of the consumer's needs in terms of

quality, reliability, durability, and so forth. Second, the rates of realization of innovations (new technologies, materials, and so forth) are directly determined by the time interval between the expenditures on mastering innovations and the possibility of covering these expenditures with the profit due to the higher price.

Armed with this knowledge, let us turn to the mechanism of change in wholesale (list) prices, which remain the basis for interactions between the consumer and the producer in the system of deliveries of industrial products approved by the decree No 888 dated 25 July 1988 of the USSR Council of Ministers.²

Matters concerning the setting of new prices (with the exception of contractual prices, which still play a secondary role in mass production on a country or sector scale) and introduction of these prices into price lists are fully within the competence of the State Committee on Prices of the USSR and Union republics, ministries, and departments. They establish prices, as well as various additional payments, increments, allowances, subsidies, and so forth, either independently, or by means of coordination.

In order to set a new price, the department must know the opinion of the consumer: of the kolkhoz, which operates a tractor with new units, or a reinforced plowshare; of the motor pool, concerning the new model of a machine or a spare part; of the ordinary customer, concerning the modified iron; of the tester, after the completion of a product's life service tests, as well as of Gosstandard [State Committee for Standards], after the approval of normative documents, and so forth.

In order to collect such information, time comparable with the product's service "life" is needed. The more reliable and durable the product becomes, the longer one must wait for the new price.

This is precisely why today it is advantageous for industry to avoid innovations and to limit itself only to insignificant changes in products, which lower production costs, and to keep obsolete products "afloat" in series production as long as possible.

Only a transition to market relations can change the situation fundamentally. However, the economic relations formed under the administrative command system, surplus of money, and extreme dissatisfaction with demand during an abrupt transition to mutual market relations can lead the economy to a state of shock.

Transitional Alternative

In order to avoid undesirable consequences in the economy, which is not prepared for market relations, the following transitional alternative—simultaneous coexistence of two types of list prices—is proposed.

Its essence is quite simple: When the producer enterprise uses new technology, material, or another advanced

solution, which enhances the product's consumer properties, a new price of its new variety is introduced as early as at the stage of production preparation, that is, at the beginning of the output of the first batches, and this new price is set on the basis of an expert evaluation (according to accelerated test data) and calculation of the expected national economic effect.³

However, along with the introduction of the new price into the price list and the beginning of output of the improved product, the product's previous modification at the old price also remains in production at the enterprise. The right to choose the new or old product at a higher or lower price respectively is reserved to consumers connected with the enterprise through the capital holder, or on the basis of direct contracts.

Before we proceed to examine this proposal at greater length, it is necessary to stress its provisional nature as a transitional solution. It should be expressed in the fact that two prices can "coexist" no longer than 3 to 5 years, that is, the time needed so that all the parties (the consumer, the producer, and management bodies) could either completely change over to the new price, or retain the old price, or, finally, set a third (fourth, or fifth) price.

The transitional nature is also seen in the fact that such a price formation system (if it is realized) will hardly last a long time. After all, it undoubtedly represents a "substitute" for normal economic relations during the period until such relations are established definitively.

The proposed solution adds two new elements to the existing system of production and sale of products: an expert evaluation of consumer properties on the basis of accelerated tests and the procedure of introducing a price no later than the beginning of production of the product's new modification.

An expert evaluation consists of two parts—scientific-technical and economic. The results of a scientific-technical evaluation should determine the level of consumer properties and, at the same time, become the initial data for economic calculations (the mentioned methodological recommendations for the performance of these calculations in 1989 are supplemented by a detailed comment).

In our case the special features of a scientific-technical evaluation lie in obtaining a statistically reliable result of accelerated tests (special methods of control and diagnosis), which make it possible to forecast the product's basic parameters in operation (reliability, strength, wear and corrosion resistance, maintainability, and so forth).

We would like to note that methodological problems of accelerated tests and diagnosis, on the basis of which such indicators as reliability and service life are forecast, have been profoundly examined both in a number of sectors and in the Gosstandard system.

Up to now an extensive application of these methods, as well as of bench tests, and of mathematical modeling has taken place only in industries (defense and aircraft), where the high level of consumer properties is determining regardless of the economic indicators of products. In other sectors, for example, in machine building, there are neither funds nor demand for such methods. Why should a plant, which produces a combine at a "cost-is-no object" price, receives a state subsidy, and does not experience any competition, know how bad and unreliable its product is?

Therefore, in the very near future only scientific and technical centers (subdivisions), which possess the necessary methodological capabilities, such as, for example, the "Reliability of Machines" Moscow Scientific and Technical Complex, Gosstandard bodies (in particular, the All-Union Scientific Research Institute of Normalization in Machine Building), and leading sectorial institutes (State Union Scientific Research Institute of Tractors, Central Scientific Research Institute of Automobiles and Automobile Engines, All-Union Scientific Research Institute of Agricultural Machine Building, All-Union Scientific Research Institute for the Testing of Machines for Animal Husbandry and Feed Production, Kuban Scientific Research Institute for the Testing of Tractors and Agricultural Machines, and State All-Union Scientific Research Technological Institute for the Repair and Operation of the Machine and Tractor Pool) can become expert organizations giving an evaluation of machine building products.

It can be assumed, however, that as soon as accelerated tests and methods of diagnosis and control of quality from tools for fine sanctions are transformed for the producer into a stage on the path to profit and for the consumer into guarantors of quality, both the desire and the funds for their development, certification, production, and extensive utilization will be found right away. Later, when there are certified and recognized methods and means for accelerated tests, diagnosis, and control of the quality of products, both developers and producers of products will be able to get involved in matters concerning expert evaluations.

Big opportunities for solving the entire set of problems of economic incentives for scientific and technical progress can be realized right now through the establishment of associations of producers, developers, consumers, and testers. For the solution of such problems in the fall of 1988 in coordination with the USSR Gosagroprom the "reliability" scientific production system was established at the base of the All-Union Scientific Research Institute for the Testing of Machines for Animal Husbandry and Feed Production, which included leading associations, design offices, and laboratories and machine testing stations of the agroprom, agricultural machine building, academic organizations, and higher educational institutions.

Before we begin to set forth such price formation procedure, let us examine the "dubious" aspects of the proposal.

The main fear lies in the following: With the existing commodity shortage will the proposed mechanism not become another way of inflating prices without an appropriate return? More precisely, will the consumer, in fact, have a choice? Here, of course, it is possible to count on the method of sanctions, in which we have considerable experience. However, the use of the time factor seems more sensible.

The sooner the producer receives permission for a new price, the smaller will be the part of the produced product that he will be able to offer to consumers at this price, because he will not have time and, moreover, will not begin to risk the transfer of the bulk of production (technological flows, units, and supply) to output with high production costs under marked conditions that have not been studied. In case the producer, nevertheless, imposes part of the product at a high price against the consumer's will (an order formulated through the bodies of the State Committee for Material and Technical Supply), two alternatives are possible: Either the product is worth this money and the consumer (even if against his will) will not end up losing, or, having discovered its noncorrespondence to the price, he will get back the difference in price plus a fine for a breach of delivery terms through arbitration. It is important to take into consideration the change in the situation, in which the "seller is always right," because the consumer has no choice. In this case the producer—the "seller"—risks losing the "second" price, which gives him quite a high profit.

The second fear concerns the producer. This is the possibility that the profitable improved product will be "grabbed" by other enterprises, which have incurred no expenses on developments, tests, and so forth. New legislation on inventive activity should become the protective mechanism here. With proper patent policy the producer may have another source of profit—license agreements (which are widely used abroad).

We will now define concretely our ideas of the need for such a change in the price formation mechanism, using as an example one of the most promising directions in the improvement in consumer properties of products.

Use of Hardening Technologies and Coatings

In the 1980's the USSR Council of Ministers adopted three decrees on a significant increase in the production of parts with hardening coatings for improving the reliability and durability of motor vehicles and agricultural machinery and reducing the mass output of spare parts. The Institute of Electric Welding imeni Ye. O. Paton of the Ukrainian SSR Academy of Sciences is the head organization for this work.

The government's concern is well-founded. After all, for a multiton truck to be unfit for use, only several working surfaces of its parts need to be worn out, the total mass of the worn out metal being less than 2 kg. Today, in order to keep many machines operating, the mass of spare parts needed even for a relatively short period is bigger than the initial mass of the vehicle itself. In its

volume the repair industry is already comparable with the country's entire machine building complex. At the same time, both in world practice and in our country there is a vast arsenal of hardening methods, from "classic" cementing and high-frequency current hardening to laser, ion plasma, and other modern technologies increasing the wear and corrosion resistance and reliability of products up to dozenfold. The impossibility of their wide application lies only in the fact that these technologies are almost never introduced with a reduction in production costs and can give the entire vast economic effect to the consumer alone.

This reason was sufficient for not including hardening technologies even in "Basic Directions in the Economic and Social Development of the USSR for 1986-1990 and for the Period Until the Year 2000," despite the fact that new technologies and structural materials were considered the basic directions in production development. The only mention of surface hardening is contained in the section of the machine tool and tool industry and this, because, when tools and fittings are hardened, the economic effect can be obtained by the enterprise introducing new technology.

No one has doubts about the acuteness of this problem. When the statute on contractual prices was formed,⁴ the State Committee on Prices included the application of hardening protective coatings among the most significant grounds for raising the list price.

However, the bulk of the articles in need of hardening (plowshares, cams, pinions, cultivator sweeps, and so forth) are produced (including as spare parts) according to all-Union, republic, and sectorial plans. Whereas previously, at the expense of the program of the State Committee for Science and Technology, centralized funds, and other sources, hardening technologies had crept into plants, even though at a snail's pace, after the transition to full cost accounting many plants began to curtail the work that had already begun on their introduction.

The reason is obvious: Subsequent expenditures will be covered by the production development fund, whereas the profit for covering these expenditures cannot be obtained in the very near future.

This circle can be broken by means of the following procedure of forming prices⁵ of products, which, as a result of the application of new technologies, materials, and other innovations, acquire higher consumer properties:

1. Developer of a new technical solution (technology or material):

- determines the basic consumers, to whom his development gives the maximum consumer effect;
- determines the potential producers of a given product and makes a preliminary evaluation of the economic effect expected from the production and consumption of such a product;

- determines the expert organizations, which can make accelerated tests of this product for an evaluation of its consumer properties.

2. Producer of a product:

- jointly with consumers, on the basis of analyzing the results of operation and departmental and state tests, determines the need for new technological solutions, which will make it possible to significantly increase the product's consumer properties;
- analyzes the information on scientific and technical developments and determines the developers that can ensure a rise in the product's consumer level;
- jointly with the developer develops and coordinates with price formation bodies the method of determining the price of the improved product according to accelerated test data;
- in coordination with the consumer's superior department concludes a contract with an expert organization for the performance of accelerated tests;
- provides the necessary experimental base for developing the improved product and producing the first batches;
- ensures a prompt delivery of the necessary number of product samples for accelerated tests and for the consumer's experimental check, as well as for control tests following the introduction of the new price.

3. Expert organization:

- develops and certifies (uses certified) methods and means of accelerated tests, diagnosis, control, and mathematical modeling for determining the statistically substantiated level of the product's certain consumer parameters (wear resistance, mean time between failures, corrosion resistance, and so forth);
- establishes the correlation between the results of accelerated tests and the data on the use of product samples by the consumer;
- presents the conclusion on the levels of the product's consumer properties, which contain the necessary initial data for economic calculations.

After the performance of this work, before the beginning of the technological preparation for the production of the product with improved consumer properties, the producer submits to the price formation body (State Committee on Prices, or ministry) an application for the introduction of the "second" price, with an indication of the date on which the final decision on the price of this product will be made. The introduction of the new price into the price list in effect should precede the beginning of output of the product with improved consumer properties.

Simultaneously with production preparation the producer, developer, and expert organization conduct an

information and advertising campaign both directly for consumers and through Gosnab bodies, offering the improved product during the formulation of orders according to allocations.

It is proposed that the uniform criterion introduced by the decree No 992 dated 5 November 1985 of the State Committee on Prices be retained as the normative in the setting of the "second" wholesale price: The upper price limit should not exceed 70 percent of the annual economic effect from the production and use of a product with higher consumer properties.

All additional limitations (for example, a 30-percent ceiling in the existing wholesale price increment) will only hamper the transfer of producers and consumers to normal economic relations with a choice.

Footnotes

1. EKO, No 1, 1985, pp 3-26.
2. SP, No 24-25, 1988.
3. "Methodological Recommendations for an Overall Evaluation of the Effectiveness of Measures Aimed at Accelerating Scientific and Technical Progress" (approved by the decree No 60/52 dated March 3 1988 of the State Committee for Science and Technology and the USSR Academy of Sciences, BYULLETEN NORMATIVNYKH AKTOV MINISTERSTV I VEDOMST SSSR, No 7, 1988, pp 10-20).
4. "Statute on the Procedure of Setting for Enterprises Contractual Wholesale Prices of Products for Production and Technical Purposes and of Services of a Production Nature" (approved by the decree No 882 dated 29 December 1987 of the USSR State Committee on Prices).

5. The same procedure can also be used for setting a contractual price.

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Pros, Cons of Regional Currencies Debated

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[Account prepared by P. Korotkov and A. Nikolayev of a roundtable discussion led by N. Yakovchuk in the regular meeting of the "Business Club" of *EKONOMIKA I ZHIZN*]

[Text] The transition of regions to self-management and self-financing is a most important stage in development of the economic reform. Some economists see the introduction of republic cost accounting (*khozraschet*) inseparably bound up with putting their own republic currency into circulation. How justified is it to put the question this way? What are the "pluses" and "minuses" of regional money? What effect will the adoption of this

money have on the economy of the various regions and the country as a whole? A keen discussion of this took place in the regular meeting of the Business Club.

Arguments "For" and "Against"

R. Otsason, deputy chairman of the ESSR Council of Ministers, doctor of economic sciences, and USSR people's deputy: The question of republic currencies first arose during discussion of the conception of the republic's cost accounting.

Now some people associate adoption of republic currencies with the prospects for the republic to leave the Union of Soviet Socialist Republics. But in reality matters stand quite differently. The peoples of many republics do not want to live any longer under the conditions of the present financial crisis. Especially when they know that it did not result from objective causes, but from excessive centralization of management of the economy. And it will be possible to overcome it only if the regions of the USSR—by and large the union republics—take upon themselves greater responsibility for the financial situation and economic situation generally in the region, only if they seek out and put to use all resources that can improve it. At present, resources for extending credits and granting appropriations are allocated from the center, and it is the task of the regions to beg for a little more, to beg skillfully. It is not possible to overcome this situation unless the economy is managed by regional authorities, but finances and the money system are regulated from the center.

For the Baltic republics, the question of their own money (their own currencies) has yet another very important aspect. After all, under the USSR Law on the Economic Independence of Lithuanian SSR, Latvian SSR, and Estonian SSR, these republics must make the transition to new economic methods of conducting economic activity. This is unthinkable without a normal and stable monetary system. In my view, the ruble will not allow such a transition to take place.

We are sometimes criticized along these lines: you want to adopt your own currency in order to make the republic's economy independent of the USSR economy. Nothing could be further from the truth. On the contrary, all economists who think realistically understand how valuable the present economic ties are for any republic, and they believe that the development of those ties is a pledge to efficient operation of the economy. Our point of departure is that republic cost accounting, and possibly our own currency as well, should promote integration of the economy in the Soviet Union and also with the Western markets.

What will result from adoption of the currencies of the union republics? First, this will make it possible to create and protect a regional market. Usually, this is the point at which a reproach for egoism is immediately forthcoming. After all, the inhabitants of the other republics will not be able to buy produce and goods sold in the republic.

But tell me how this differs from the orders that exist everywhere? In Moscow, for example, major enterprises have for several years now been issuing "invitations" to industrial goods warehouses for the purchase of imported goods. Does this not represent protection of the regional market against those from outside? Republic money will to some degree perform the same functions. But not so egoistically as today, when no one except the inhabitants of the given region or the personnel of the given enterprise can purchase goods. If the republics have their own currencies, then those currencies will be exchanged. Everyone who comes to a republic will be able to purchase goods after changing money.

But the function of protection against the "foreign" purchaser—this is only a means of adaptation to the present economic activity based on scarcity.

The second and most important function of local currency is to create for regional administrative authorities the ability to regulate the production and sale of products within the republic and outside it. The regional currency will make it possible to motivate every region to eliminate or reduce the budget deficit and saturate the market with goods and services. Adoption of republic currencies will give the republic's government and population real motivation to restore soundness to the circulation of money. Knowing that the necessary goods can always be purchased for money, everyone will be motivated to do better work. Efficiency will rise, and the national income will grow more rapidly. And that kind of interest is the main thing that is lacking today.

We estimate that in Estonia individuals have approximately 2.5 billion rubles of cash on hand today. Enterprises have approximately 2 billion. According to our calculations, if a regional currency is adopted, loans in convertible currency, the sale of stock of enterprises and bonds of a state loan to the workers, the sale of housing units to individuals, and loans for future purchase of scarce consumer goods could take about 1 billion rubles out of circulation in the republic.

I think that we would also be able to restore order in noncash circulation. We would exchange only half of the resources of enterprises for the new republic currency. The other half would remain in rubles.

And the last thing that would result from adoption of the republic currency is normalization of the mechanism for foreign economic relations. Is it normal, after all, to apply about 3,000 different rates of exchange? The transition has to be made to a single rate of exchange so that all enterprises themselves set the price of the product being sold and purchased for foreign exchange. I think that republic currencies would make it possible to do this first in the republic, and then this would promote the same kind of transition in the Soviet Union as a whole.

Discussion leader: Reyn Augustovich, have no attempts been made in Estonia to evaluate the possible adverse consequences of the measure being proposed as well?

R. Otsason: We do not foresee any adverse consequences.

M. Bronshteyn, member of the ESSR Academy of Sciences and USSR people's deputy: I do not see an obligatory connection between the republic's economic independence and its own monetary unit. What is more, I have always felt that a common monetary unit was always better than fragmentary units.

But recently I have come to understand more and more often the need to adopt a regional currency in Estonia. I am convinced of this by the disastrous situation with the circulation of money in the country, which is continuing to detract from the value of the ruble.

The most "uncivilized" methods of exchange are emerging as a consequence. Bartering is flourishing, and money is used only as a counting unit. And do you know what resources and what expenditures of labor are required for that kind of exchange? People are traveling all over the country to complete barter transactions.

What is more, substitutes for money are emerging. There are all kinds of coupons, distribution within enterprises, and so on. And where does this lead? First, there is a good source of gain for the trade sector: its personnel are engaging more and more actively in speculation. Second, when goods are distributed within an enterprise, no one really works for that money. Finally, altogether wildcat methods of distribution of goods are emerging: one purchases the right to get into where the goods are being sold.

Or take the forms of protection of the regional market which have been introduced in Latvia. In order to purchase goods and foodstuffs, one has to present a card with his photograph and signature. Yet the card can be given to someone else and payment can be taken for it. Compared to that, regional currency is incomparably more acceptable.

Nor can we forget that economic development occurs differently even in neighboring regions. For example, in our republic this year we had a good ratio between the growth of wages and the growth of the stock of commodities. Not an optimal ratio, of course, but better than in the country as a whole. But in neighboring regions—Pskov Oblast, Leningrad, and others—the growth of wages was considerably faster than the growth of production of consumer goods.

And the result has been that a man cannot turn his money into goods, say, in Pskov or Leningrad, and so he comes to us. A word has even been coined for this person: *pokupant*. If there were a republic currency, everyone coming to our republic would be a valued guest. He would exchange his money for republic money, and he would buy what he wanted.

But, of course, regional currency does have its "minuses," and they are quite important. The main thing is that everyone would want to protect his own

market—not only the republic market, but also the market of the city, the oblast, and so on. The result could be a large number of monetary units and corresponding rates of exchange.

Another problem lies in organizing the actual adoption and functioning of regional currency. Our country has a manifest shortage of specialists in the circulation of money. After all, the rate of exchange of the new money has to be set, and procedure has to be defined for its issuance and circulation.

Suppose we know the volume of goods we are exporting. But we do not know how much Estonians spend to purchase goods outside the republic. We might suppose, for example, that the Estonian is buying automobiles on the “black” market: In our republic, the saturation with automobiles is high compared to the stocks allocated. He also buys other things. Then he will need rubles for that. But if we do not know how many rubles the inhabitants of our republic need to purchase goods in other regions, we cannot establish the rate of exchange that corresponds to the flows of goods. Consequently, a parallel “black” rate of exchange could emerge.

I. Kitaygorodskiy, division chief of USSR Minfin: I disagree categorically with the arguments in favor of creating regional currencies. This undermines the unity of the domestic market. I am not convinced that the republics will gain from this. But for the Soviet Union as a whole, the regional currencies will create untold difficulties.

One can, of course, fully understand the reaction to the disequilibrium of our circulation of money, the growing inflation, the desire of every republic, region, and oblast to somehow protect itself against the difficulties that are general throughout the country.

As is well-known, in 1990 major and extraordinary measures are outlined to remedy the circulation of money. Those measures about which Comrade Otsason has spoken in connection with the republic currency have been adopted to restore the soundness of the ruble: a domestic loan is being issued for placement among enterprises and individuals, joint stock societies are being created, and shares of stock are being issued, and housing units will be sold to individuals more vigorously. The performance of these measures will make it possible to weaken consumer demand in the country.

In recent years, investments financed with credit have dropped off nearly 120 billion rubles. This is an important achievement. Plans call for a further reduction of credit, which will also help to strengthen the circulation of money.

I think that it is worthwhile to listen to the proposal of the Baltic republics for creation of a single bank in every region, in every republic. That bank would have to manage all the credit resources in the republic and see that a single credit policy is conducted in the region. Let

it be subordinate to USSR Gosbank only on questions of the circulation of money; in all other respects, it could be independent.

Objections might be made: And why must Gosbank concern itself in centralized fashion with the circulation of money? We cannot forget, after all, that the growth of personal deposits, for example, is not a resource of the republic or of any other region. Those deposits are guaranteed by the state, and individuals entrust their money with the state, not with the Murmansk Oblast Ispolkom or the Pskov Gorsovet. The sum total of deposits in the republic's Sberbank does not need to signify that this is the money of citizens of that republic.

All the problems in organizing the circulation of money must be under the jurisdiction of USSR Gosbank for another reason as well, which is that there is an enormous migration of money in our country. In Moscow, for example, threefold more money is taken out of circulation than is paid to its inhabitants in the form of wages, pensions, scholarships, and so on. The pattern is the same in all the capitals of the world.

Given that situation, in practical terms it is simply unthinkable to close the cycle of the circulation of money within some region. You cannot know how much money the citizen of Estonia has taken to Moscow. In all countries, there is statewide regulation of the circulation of money. No one regulates money in America by states, nor in France by departments.

Local Note Issue and the Banks

E. Vilkas, director of the Economics Institute of the Lithuanian Academy of Sciences and USSR people's deputy: In Western Europe, every country has its own currency, and they have not been developing badly at all. There is this rule that prevails in the fuel and power industry: If a system has broken down, then it first needs to be decentralized. And order restored in the various parts. I think that this is the most suitable treatment strategy for our financial system, which has “broken down.”

What is more, I do not understand why personal savings do not belong to the republic? How is it that they become “worldwide”? Up to now, the union bank has been centralizing credit resources, and in essence we borrow our own money from it.

I. Kitaygorodskiy: I repeat: The state issues the guarantee on deposits, not Estonia or, say, Sverdlovsk Oblast.

T. Alibegov, first deputy chairman of the board of USSR Vneshekonombank: Appropriations from the union budget and resources borrowed from the all-union loan fund are called upon to build many enterprises in the Baltic republics. And other republics and the population of the entire Soviet Union have participated in forming both the budget and the loan fund.

It is for that reason, in my view, that it is not legitimate in an economic sense to create a separate currency in

some region. We can hardly say that everything that is located in a republic belongs only to it.

M. Bronshteyn: I think that that is an oversimplified approach. Once all the resources have been centralized, that means that the money of the Estonian and Lithuanian republics has gone to build enterprises. We have purchased cotton at low prices, but for dozens of years we have also sold meat and dairy products more inexpensively than Leningrad and Moscow Oblasts.

That is why it seems to me that at this point it makes no sense to figure out who is in debt to whom. We have a different problem: to shape economic relations that make it possible for every republic to dispose independently of what it has earned.

E. Vilkas: It is still not clear why the money resources of a republic's population cannot belong to that republic alone?

A. Voylukov, chief of the Administration for the Circulation of Money of USSR Gosbank: The money in Sberbank does not belong to the republic, but to individuals. When individuals have turned it over to the banks for safekeeping, that money must be disposed of by the founders of the banks. And since today credit financing by commercial banks is developing, I did not understand what the government of the union republic or the oblast soviet of people's deputies has to do with it. Strictly speaking, this money is disposed of by the banks and they turn it over in the form of credits to other enterprises and individuals.

I think it is quite incorrect to say that "the republic or republic council of ministers disposes of" credit resources.

R. Otsason: The fear has been expressed here that if personal money savings are decentralized, the concept of the all-union loan fund will disappear. Tell me in what country there is such a concept as the loan fund of the entire state? Throughout the world every bank operates on the basis of the volume of resources it has attracted. I think that as management of the economy is decentralized, there is nothing wrong with decentralized resources replacing centralized funds, including the loan fund.

A. Voylukov: If the objective of adopting a regional currency is to set apart the regional market for consumer goods and protect it, then it has to be borne in mind that this involves appreciable costs: Aside from commodity speculation, there will be currency speculation, and there will have to be places for exchange to take place.

There is something else I would mention: Money supports the turnover not only of consumer goods, but the entire turnover of commodities and supplies. Cash is only a part of the circulation of money.

It is clear that the main strategy for stabilizing the ruble and restoring the circulation of money to health is to increase the efficiency of material production.

Up to now, the main parameters of state plans have been laid down from above, and their fulfillment has been rigidly controlled. Thus, we have managed more or less to maintain equilibrium between the demand and the goods and services being offered. Now, a new mechanism is being created, and the independence of regions is being increased.

Can the circulation of money be used to have an impact toward higher economic efficiency? Yes, it can. It requires truly broad development of the banking business on commercial principles. At present, commercial banks are passing through the very initial stage of their evolution. The interests of any area can be pursued by means of credit financing through commercial banks. The task of the central note-issuing bank is to maintain the stability of the economy at the macroeconomic level, to manage it by changing interest rates and levels of the legal reserves which commercial banks must keep in the central bank.

The volume of turnover in the economy grows, and so does the circulation of money as a consequence. Relations become more complicated between enterprises and regions. That is why the question of the management of the issuing of credit is becoming very important. Creation of a two-tier banking system will make it possible to perform two tasks by economic methods: to maintain commodity-money balance at the macroeconomic level and to develop the initiative of enterprises and regions, to support the advisable economic measures with bank credit at any level.

It is clear that in this case there simply is no place for a republic currency or oblast currency. After all, then note-issuing banks will have to be created everywhere. And that is, of course, inefficient.

B. Fedorov, candidate of economic sciences: As a financial specialist, I am against a regional currency. The country needs a single stable monetary unit. But there must also be an instrument for regulating the circulation of money, which does not exist now. The central bank must be the principal organizer of the circulation of money. What will it look like? Since ours is a federal state, the bank system must also be federal.

How and what to produce, how to sell—that is the business of the republic, the city, and the settlement. But financial and monetary policy in the country must be uniform.

In the United States, for example, every bank is independent, but monetary policy is still determined at the center.

Of course, the main task today is to restore the circulation of money to health. One of the methods proposed is to issue securities. But I am not convinced that securities can be sold for a substantial amount unless there is a real market. It could turn out that individuals would sell the 3-percent bonds and buy new securities on which a higher rate of interest is paid. I do not see what the state

has to gain from that. And if a large-scale withdrawal of savings occurs, and that money is put into securities? This question is not so simple as it appears. If that is to be avoided, there must be a financial market and the secondary turnover of securities organized.

As for regional currency, it is evident at present that this question has not been thoroughly worked out in the Baltic republics. It is not clear, for example, how its exchange rate will be set, or how the regional market will be protected. So far, they are talking only about closing borders. But this seems naive, to say the least.

In Western Europe, the market is saturated, and so if the borders are open even between countries, the problem of commodities to balance the supply of money does not arise. But what will happen if the borders are open between countries in one of which there are goods, while there are none in the other? They say that they can protect their market by lowering the exchange rate of the ruble. But how, then, are transactions to be conducted between republics within the Union? These problems are not simple. And the problem is not what rate of exchange to establish now. The main thing is how to set the exchange rate in general and how to regulate relations among the republics.

It seems to me that if we take the road of introducing regional currencies, this would be yet another experiment that had not been sufficiently thought through and prepared. And is it advisable to undertake that kind of experiment in this stage?

I. Kitaygorodskiy: It has been said here that there is no nationwide loan fund in the United States. But there, every bank is required to keep a sizable portion of its reserves in the central bank: approximately 12-15 percent.

A New "Transfer Ruble"?

T. Alibegov: There is no dispute that some regions have a potentially better opportunity to balance the money supply and the supply of goods. They have certain reserves, and for that reason the initial conditions are better for them.

But there remains the open question of how the surplus purchasing power that exists is to be exercised? Suppose we begin to issue wages in some currency of our own, and commodities are then sold for that currency. Yet bank balances still exist in rubles, which may be exchanged for the new regional currency or used in some other part of the country. As we see, the problem of surplus purchasing power is not being solved. But rather, if we might put it this way, pushed outside. That is the first point.

Second. What happens to the remainder of the money resources in rubles which will not be exchanged for the new currency? After all, if some region adopts its own currency, then other regions will naturally be forced to take protective measures. And then this extra value in rubles will simply be canceled out. That is, we will have

the scenario which occurs when a monetary reform is carried out. Is that the road that we really want to take?

There is yet another question. Trade among the republics is not equitable because prices are imperfect. Everyone agrees that we need a thoroughgoing revision of prices. Then flows of commodities will take shape in a completely different way. All regions will purchase goods where they are less expensive. And they will sell their goods where more money is paid for them, even abroad.

Then settlement will have to be balanced out strictly in prices that have been adjusted: after all, the regional currencies will not be convertible. With a convertible currency, one can purchase goods in all the countries of the world. If regional money is adopted, we will have as a result a system like the system of transfer rubles in the CEMA countries. And the regional money will also lose its value, just as the ruble and other currencies of the socialist countries are losing their value today.

Let us take a simple example. Let us assume that Estonia, say, has its own monetary system. And the republic's government decides to liberalize credit policy. Given the fragmented monetary system, more money will have to be committed to purchase goods in another part of the Soviet Union. The additional money is required because the central bank of the republic adopts a more liberal credit policy and is putting money into circulation. It cannot be spent in the republic, and that is why it goes into other regions.

Unidentified interjection: But then the rate of exchange of the regional currency will drop!

T. Alibegov: Quite right! The rate of exchange has to be changed. Consequently, so do prices. But are the republics ready to carry on trade when there is a sharp fluctuation of exchange rates and prices?

Experience shows that when there is a sharp fluctuation of prices, trade suffers quite seriously. That is why a fragmented monetary system will have an extremely adverse effect on the effectiveness of economic activity. If we have regional currencies, we will inevitably encounter the need to prohibit the free movement of money and to restrict the movement of capital. In other words, there will have to be various kinds of currency restrictions.

K. Tsipe, senior scientific associate of the Scientific Research Institute for the Economics of the APK of Latvian SSR and candidate of economic sciences: Of course, the conception of regional money has still not been thoroughly worked out. There are uncertainties about the organization of customs, the exchange rate, and certain other problems. But, in my opinion, one thing is sufficiently clear: the ailing system has to be desystematized and decentralized and healed by parts. Otherwise nothing will be achieved. And for that reason, in my view, references to the unified monetary system, the unified credit system, and uniform credit policy do

not carry weight. That system which has been functioning up to now has fallen into a crisis, and there is no guarantee that it will be possible to overcome this crisis by means of a unified economic system.

The example of Western Europe, its desire for integration, is quite often given by way of an objection lodged against the conception of regional currencies. But after all, that road passed through the delineation of each country's market.

Unidentified interjection: That is not delineation of the market, but the functioning of separate states! Originally, there was no unified market in Western Europe, such as exists in our country.

K. Tsipe: No, there was not. But there is now, and the road that led to it passed through the separateness of the regional markets and their saturation with goods.

T. Alibegov: The electric power system, as has been proposed here, can be taken as a model for economic recovery. Yet the human organism can also be taken as an example. No one is proposing that to cure a man of disease one needs to dismember him and treat the arms, the legs, and so on...separately.

I still would like to emphasize the difference between the USSR and the Western countries. If we have regional currencies, our country will be like CEMA with its unconvertible transfer ruble. Because in the countries of Western Europe, as they were developing, the currency was convertible. And up until that point the countries of Western Europe were forced to protect themselves against the currency of the United States.

Under the conditions of regional currencies, goods will be produced and sold where wages are higher. And relations among the republics that took shape previously will be destroyed in an instant.

M. Bronshteyn: Yes, that is the most serious threat to republic cost accounting, and in my opinion it is being underestimated. Regions with raw materials gain, and the Baltic republics, for example, lose. But that is precisely what will force the republics to pursue a policy of resource conservation.

T. Alibegov: But the abrupt transition from one state to another could deal a blow to the producer. Let us suppose that he wants to sell what he is producing in India and buy goods there which he needs. But he must sell, for example, in Estonia. And if in Estonia there is nothing for him to buy, then he will not want to produce any goods at all.

D. Smyslov, research chief of the Institute for the World Economy and International Relations of the USSR Academy of Sciences and doctor of economic sciences: It seems to me that the problem of the regional currency is closely bound up with the problems of regulating the economy. Indeed, regulation at the macroeconomic level. If macroeconomic regulation is done only from the republic center, then, of course, it will have to have it

own full-fledged monetary unit as part of its set of instruments, and a rate of exchange, and interest rates, and so on. If along with that system of regulation there remains, if only partially, management from the center as well, then there can be no question of any local currency at all.

In the situation today, of course, it is quite natural that there should be aspirations to form little islands of stability that make it possible to bring about more favorable microeconomic conditions, achieve greater openness to the external market, an inflow of foreign capital, and finally, free convertibility of the currency. But in general, there are other ways than republic currencies to pursue the same objective. There are also other alternatives. For instance, free trade zones. There have been proposals for creating a separate currency in free trade zones. Certificates or even chervonets have been proposed to serve as that currency. There have been proposals for a parallel currency. To be sure, in this case it is not the region that is covered by the new currency, but some sector of the economy. But the essence of all these proposals is the same: "currency protection" of the region or of a sector of the economy.

The arguments for protection of the market by means of a regional currency which have been made here are convincing. But it still remains unclear whether the influence of the system of regional currencies on production relations has been fully evaluated. The large number of exchange rates, the difference in prices—this will, of course, hold back the development of production relations at both the macroeconomic and microeconomic level and will hold back integration. And this is the price which will have to be paid for the adoption of regional currencies. So is it justified?

And finally, we cannot but note that proposals for carving up the market by means of local currency are in sharp contradiction to the trends observed in the rest of the world. The euphoria related to floating rates of exchange has ended, the whole world has realized that floating rates are not an ideal balancing instrument, its "production" price is very high. That is why there is a trend toward integration not only in the area of production, but also in the monetary sphere. A vivid example of this is the creation of the Delors Commission—the commission of the European Community to set up a central European bank for progress toward a single monetary unit.

Many distinguished Western economists feel that integration of money resources is the direction in which the world economy is developing.

And finally, about the practical aspects of establishing regional currencies. For some reason, the advocates of these currencies do not talk about this at all. How, for instance, should the currency be introduced, Lithuanian "liths," for example? Will they be exchanged for rubles, and at what exchange rate? Will the ruble become the reserve currency? What kind of currency reserves are

needed? How will they be built up? Will centralized resources be redistributed for this purpose? As we see, there are a great many practical matters that are unclear.

The most important problem for all countries is the exchange rate of the currency. In the context of our economy, the adoption of regional currencies will give rise to problems as to the rate of exchange of the regional currencies against the ruble and also against Western currency.

I understand the inevitability of the question of adopting regional currencies. But since for the present we are preserving the unified national economic complex, elements of the mutually beneficial macroeconomic management are being preserved, and a set of instruments is being created to overcome inflation, why not put off adoption of the regional currency until the major steps that have been outlined to restore the economy to health have yielded a perceptible result?

If we are going to be persistent, then we have to bear in mind that we could end up with 15 currencies in the Soviet Union. Trade among the republics with the ruble will become impossible: after all, the ruble will really be the currency of Russia. Which means that we will need some kind of "counting" currency such as the transfer ruble we have now. But the shortcomings of that kind of currency are too well-known.

On the other hand, it is clear that it is impossible to increase the efficiency of social production without modernizing the fixed productive capital in all branches and sectors without exception. Is it possible, if resources are scattered among the republics, which would be like separate "farms," to count on success in this effort? I am convinced that we cannot. After all, the transition to the market from centralized administration will not in and of itself renew the production potential.

"Don't Play in a Dark Room Surrounded by Crooked Mirrors"

V. Ulanov, division chief in USSR Goskomtsen: The problem of regional currencies is most closely bound up with the institution of regional cost accounting. But it is impossible in the context of disproportions in the price system. Relations among enterprises, rayons, regions, and republics are structured at present from worn-out value estimates. Utterly incorrect estimates occur as to the contribution of a particular republic to the creation of the national income.

To put it figuratively, if we are not to play in a dark room surrounded by crooked mirrors, then we have to carry out a price reform. Then every republic will know exactly what its capabilities are and will solve the problems of the circulation of money with its eyes open.

When the problem of adopting regional currencies is taken up, principal attention is paid to the consumer market for some reason. But the ruble after all does not support the consumer market at all, it also supports the

market for machines and equipment. I might say in this connection that the Baltic republics are "pokupanty" of raw materials. When buying raw materials at artificially low prices in the other republics, they are deriving a "superprofit" from the sale of the finished product.

M. Bronshteyn: I see perfectly the "minuses" of the conception of regional currencies. Their introduction and the transition to regional cost accounting could have the result that regions supplying raw materials, the extractive regions, would raise their prices. Other regions would have to sell more food, to take an example. As I said, Estonia is selling food now at low prices. It also has to change prices. But, I think, Estonia loses more in this than it gains. But in every "minus" there is a "plus," and that plus lies in the fact that regional cost accounting will force us to really be concerned about the economy.

Unidentified question: What in your opinion is the "reserve strength" in the republic's economy for introducing the republic currency?

M. Bronshteyn: So far, all the consequences of introducing republic money have not been calculated. The Estonians say that if we are real masters in our own republic, we are prepared even to undertake a drop in the standard of living.

At the present time, in the republic we are beginning to issue a portion of wages in certificates. They make it possible to purchase scarce goods in stores. But doubts immediately arose: Would the certificates "work" or not? Yet the relevant experience can be gained only in practice.

Unidentified question: You have said that the Estonians are ready even to undertake a drop in the standard of living on behalf of the new system of regional economic activity. And you have not calculated what losses the republic will incur if regional money is adopted?

M. Bronshteyn: Estimates have been made—about 1 billion rubles. But we are able to make up those losses if we are serious about restoring health to the republic economy. The main enemy today is social demagoguery, which often spills over in our republic at rallies. Moreover, in those rallies they use false figures, passions become inflamed. This is really dangerous.

Yu. Dmitriyev, chief editor of the journal DENG I KREDIT: I have heard that they did a survey in the republic on the possibility of adopting regional money. It seems to me that it is hardly sensible to hold a referendum or take a vote on the question of whether the monetary system should be unified or decentralized. The most disturbing thing is that today there has been no thorough work on this problem. People say: we will take a step, and then we will see. Let us first see, and then try. Many experiments in our country have proven to be unsuccessful precisely because there was not adequate scientific substantiation.

The currency is being adopted in order to protect the internal market? I agree with those who feel that this attempt will not be successful with that method. After all, everyone has the right to move freely to another republic. Consequently, currency will be exchanged. If it is exchanged without restrictions, then what sense does it make to have separate currencies? And if exchange is restricted, then speculation will begin on an even greater scale than now.

A. Bazhan, division head of the Scientific Research Bank Institute of USSR Gosbank and candidate of economic sciences: In my view, the main argument for protection of the regional currency is unsound. People moving around the country will buy any currency and "sell it" in other regions. It is not possible to avoid the imbalance of the domestic market this way.

The idea has been expressed here that cards and coupons are uncivilized methods of protecting the regional market. What is more, they are susceptible to speculation. But I think it is possible to speculate to an even greater degree with a currency, since it is completely impersonal.

So far there is no answer to the question of how the republics will accomplish interrepublic settlement in the context of local currencies. The need will, of course, arise for a reserve currency. This reserve currency might be the dollar or some other convertible currency. But it simply does not exist in sufficient quantity in the republics. The transfer ruble has a great number of deficiencies, and quite a bit has been said about them already. Which means that the only way out is to give the ruble or some other monetary unit the status of an interrepublic currency. But then everything will remain just as it was before. In other words, the idea of protecting one's own market in the republics and regions by means of adopting their own respective currencies contains basic internal contradictions.

From the Editors

The prospects for adopting republic money, as we see, evoke very contradictory assessments from scientists and practitioners. Emphasizing attention on the virtues of a regional currency, its advocates say that introduction of a local currency will make it possible:

- to rapidly create a regional market;
- to protect that market from the "foreign" purchaser by more "civilized" means than coupons, cards, and so on;
- to decentralize the country's financial system in order to "heal" it by parts;
- to normalize the mechanism of the region's foreign economic relations.

At the same time, specialists in the circulation of money and economic scientists call the attention of participants in the "Business Club" to the following very important points.

1. If one or two regions adopt "their own" currency, it will then appear in other republics and oblasts. Destruction of the country's unified monetary and credit system, the multiplicity of exchange rates of currencies, and inevitable fluctuations of these rates and consequently of prices of goods and services will have an extremely adverse effect on trade and production. It will become necessary to restrict the free movement of capital.

2. The destruction of production relations at the macroeconomic and microeconomic levels, the holding back of integration—these represent too high a price, and that is why everywhere in the world there has been a disillusionment with "floating" rates of exchange as a regulating instrument. The desire to break up the market by means of local currencies sharply contradicts the world trend toward integration of money resources.

3. "Protection" of the market by means of a local currency is an illusion if the currency is exchanged without restriction. And if exchange is restricted, then there will be a rash of speculation, no longer in goods, but in currency.

4. The intention to "put" into circulation a smaller amount of "local" money, while a portion of personal savings would remain in rubles, which cannot be exchanged for the regional currency or used in another part of the country, will not solve the problem of the excessive purchasing power, but would as it were "cancel it out," which is equivalent to carrying out a monetary reform. Is this the right way?

5. How will mutual settlements be conducted among the republics in a fragmented monetary system? It is erroneous to take the countries of Western Europe as an analog, since their currencies are convertible, and their market is saturated. Our system of regional currencies would be like the system of transfer rubles in the CEMA countries, whose deficiencies are well-known.

6. Many practical problems in the adoption of regional currencies have not been thought through. How are mutual exchange rates to be determined? What currency will be the reserve currency (if the ruble becomes the currency of Russia)? What need will there be for currency reserves anyway? How will they be built up? How will customs be organized?

The participants in the discussion emphasized that without thorough work on these problems, without studying the question of the costs that the republics will pay in adopting their own money, and how they will compare to the anticipated favorable result, it is hardly possible to conduct a serious discussion of the transition to republic currencies.

REGIONAL DEVELOPMENT

Latvia's Enactment of Economic Independence Law Discussed

Deputy V. O. Miller's Report

904A0169A Riga SOVETSKAYA LATVIYA in Russian
18 Jan 90 p 3

[Report by Deputy V. O. Miller, deputy chairman of the Commission on Legislative Proposals of the Latvian SSR Supreme Soviet: "On Putting Into Effect the USSR Law 'On Economic Independence of the Lithuanian SSR, the Latvian SSR, and the Estonian SSR' on Latvian SSR Territory"]

[Text] Dear comrade deputies! In accordance with the Latvian SSR Constitution and the Declaration of Latvia's State Sovereignty adopted by the Latvian SSR Supreme Soviet on 28 June 1989 there is a norm, according to which USSR laws on Latvian SSR territory enter into force only after the supreme body of Latvian SSR state power ratifies them, or adopts a decree on their entry into force.

The previous session of the Latvian SSR Supreme Soviet on 11 November 1989 adopted a decree of the Latvian SSR Supreme Soviet, which establishes the provisional procedure, according to which USSR laws and legal acts adopted by USSR bodies of power and administration enter into force or are suspended.

From the time of entry of article 71 of the Latvian SSR Constitution into force (29 July 1989) certain USSR laws and decrees of the USSR Supreme Soviet were adopted. The question of their entry into force on Latvian SSR territory should be solved now.

One of them is the USSR Law "On Economic Independence of the Lithuanian SSR, the Latvian SSR, and the Estonian SSR" adopted on 27 Nov 1989, which is of great importance for the republic's transition to economic independence.

This law strengthens the right of the sovereign Baltic republics to independent economic management and defines the main principles of activity concerning the realization of economic independence.

On 22 December 1989 the question of entry of the USSR Law "On Economic Independence of the Lithuanian SSR, the Latvian SSR, and the Estonian SSR" into force on Latvian SSR territory was examined by the Commission of Legislative Proposals of the Latvian SSR Supreme Soviet, which adopted a decision on the entry of this law into force on Latvian SSR territory.

A draft decree of the USSR Council of Ministers on the procedure of introduction of the USSR Law "On Economic Independence of the Lithuanian SSR, the Latvian SSR, and the Estonian SSR" in the Latvian SSR is now being examined in the USSR Council of Ministers. This

decree will work out in detail many provisions of this law. Therefore, I propose that the ratification of the USSR Law "On Economic Independence of the Lithuanian SSR, the Latvian SSR, and the Estonian SSR" dated 27 November 1989 be postponed until clarifications of its most important articles are received from appropriate USSR state bodies. I ask the deputies to support this proposal. Thank you for your attention.

Debate on Deputy V. O. Miller's Proposal

904A0169B Riga SOVETSKAYA LATVIYA in Russian
18 Jan 90 p 3

[Report on debate by LATINFORM]

[Text] "All of you remember the fight that we waged in the USSR Supreme Soviet in order to attain the adoption of this law," USSR people's deputy I. Bisher said. "Now it turns out that we fought in vain, because the republic does not need this law. Thereby, in what position do you put us?" The deputy stressed that the question is as follows: "Do we want to fight for economic sovereignty or not? There are references to the need for a clarification of individual articles. However, if we rely on clarifications by the USSR Council of Ministers and individual ministries and departments, it is obvious that there will never be a satisfactory result. Reliance on this law is the only path to real sovereignty. It makes it possible to independently solve problems and to reject the laws that contradict economic sovereignty. We have seen to it that this law has an article to the effect that USSR laws are in effect on the republic's territory insofar as they do not contradict the idea of and prerequisites for economic sovereignty. And so there are limiters, including on article 74 of the Constitution, and in our fight we can disregard some provisions."

"The question as to whether we ourselves will fight for our economic sovereignty, or will wait for what the center will give and for what the USSR Council of Ministers and USSR ministries will allow, is fundamental," the deputy said further. "For this the law should be adopted. It is not so important what is stated there and to what extent and who interprets this and how. We must interpret this ourselves, proceeding from our aspiration for economic sovereignty. If we give this up, all of us will remain in the same managerial economic system and will be bound by everything that exists in it. Estonia and Lithuania do not intend to act in this way. They are going their own way and right now are taking advantage of all the opportunities of this law. At the presidium of the Supreme Soviet on Tuesday it was stated that Estonians have already gone far and now engage in price formation. Estonia will continue to act. If we reject such an approach and bide our time, I assure you that we will wait, as the saying goes, till 'the owl's tail begins to bloom.'"

USSR people's deputy A. Kalninsh expressed a somewhat different point of view. He came out in favor of the law's ratification not now, but at the next session. He

cited Prof V. Miller's reasoning to the effect that clarifications by the USSR Council of Ministers of the law's debatable articles concerning the economic sovereignty of the Baltic republics dated 27 November are expected. The following example was cited: the law establishes that the taxation system is built in republics on the basis of the laws adopted by them, on the one hand, and with due regard for the provisions of Union laws, on the other. Thus, in case of adoption by the USSR Supreme Soviet of the Tax Law ratification can place certain limits on the creation of the same legal provisions in our country. The same also applies to other laws—concerning property, land, and so forth. However, if we do not ratify the law today, this does not mean that we will wait for something and do nothing. Work is going on as planned.

V. Sobolev, second secretary of the Central Committee of the Communist Party of Latvia, proposed that the USSR Law "On Economic Independence of the Lithuanian SSR, the Latvian SSR, and the Estonian SSR" be ratified on Latvian SSR territory. In his opinion, dragging out the solution of this problem in itself is a big mistake. It will be difficult to explain to people why it is necessary to delay putting the law into effect, especially as its adoption was preceded by such a sharp fight at the session of the country's Supreme Soviet. Now it is necessary to solve the republic's problems, using the law that was adopted and, at the same time, to work more convincingly and competently with the USSR Council of Ministers, persistently solving all the problems connected with the granting of economic independence. "If this is dragged out," the deputy said in conclusion, "1990 may prove to be even worse than last year."

Ya. Aboltin, first deputy chairman of the Latvian SSR Council of Ministers, noted that during last week he had occasion to raise very sharply the question of implementing the Law "On Economic Independence of the Lithuanian SSR, the Latvian SSR, and the Estonian SSR" in the form in which it is written.

In particular, article 6 stipulates that USSR laws do not apply to our territory if they prevent us from realizing our economic independence. However, a distinctive situation has been created in connection with this. We have fought for this law for a very long time, but we have not fought for the law that has come about as a result of compromises. You remember how Comrade Ryzhkov sought to supplement article 1 with the phrase "within the framework of the USSR Law." And today the USSR executive power, which is still quite strong, tries to subordinate the entire law to this article 1. It states that all bank institutions with the exception of the republic department of the USSR State Bank are placed at our disposal. Thus, the executive power has already adopted a decision after the fact to the effect that the savings bank has also been placed on the list of banks subordinate to the USSR. As a result, we can lay claim only to the Bank for Housing and Municipal Services and Social Development and have nothing to do with others. In other words, an incorrect game is being played. The Supreme Soviet, adopting this law, assumed that this would be the

first experimental law filling the federation with a new content and other laws would be subordinate to it. Now, however, using this supplement of article 1, attempts are being made to turn everything upside down. Therefore, I think that we should neither reject nor ratify this law, because a coordinated proposal by all the three Baltic republics with regard to the decision by the USSR Council of Ministers is now in the USSR government and has not been examined thus far. Therefore, I am of the opinion that we should wait until the USSR Government shows readiness to make compromises.

USSR people's deputy **A. Eyzan** described the attitude of some authorities toward the sovereignty of the republics, using as an example the draft of the Law on the Armed Forces. This document in no way takes into consideration the fact that some republic will be sovereign. Multichannel financing remains as before. The procedure of financing on the part of republics, local soviets, and enterprises, not only the defense budget, is provided for. Next it is stated that in case of redeployment of military units expenditures will be paid for from the republic budget. With regard to the alternative service, lads, whose faith does not permit them to serve in the army, will be sent somewhere together with people convicted of very serious crimes. Where? The USSR Council of Ministers will decide this.

The speaker urged the ratification of the Economic Sovereignty Law, at the same time, stating that it was still necessary to work in order to attain this sovereignty.

USSR people's deputy **Yu. Boyars** drew the deputies' attention to the circumstances, in which the adoption of this important document for the republic took place in Moscow. "You are not well informed about this, because television did not fully show the procedure of its adoption," he said. "The broadcast transmitted from Moscow was subjected to censorship."

"In Moscow we felt Comrade Gorbachev's all-around support. We had already known about this support in advance. Therefore, we felt quite calm when the draft law was being discussed during the first reading. However, we also knew that not all government members were united in their views. Unfortunately, I want to say that Ryzhkov's position differed from Comrade Gorbachev's opinion. Therefore, a small remark appeared in the draft law: 'Within the framework of the USSR Law.'

"I can tell you how it originated. An Interfront member from Moldavia, who works in the same group with Alksnis, sat next to Ryzhkov and tried to persuade him for approximately 1 hour. After that the following remark appeared: 'Within the framework of the USSR Law.' Please consider that we have won this draft law with blood and tears. You, of course, also remember the atmosphere that reigned in the hall after its adoption: Perhaps one-third of the audience got up and applause was heard... This was the first victory in the fight for the republic's sovereignty."

"Now about something else. We must realize that the parliament is the body where compromises are made. In Moscow with this diversity of views it is impossible to win 100 percent. We sought a compromise. One must get used to this. We will yet lose more than once. But we must lose with dignity and honor. Meeting politics, when at times everything is rejected, is not suited for parliamentary procedure. Other methods are needed here. If, for example, one point in a given document does not suit us, why, nevertheless, it should not be ratified? Moreover, and I must tell you this, Comrade Gorbachev quite rightly said that, if something did not suit us, we could suspend the operation of any act of the USSR Council of Ministers. Therefore, is it worth it for us to be so nervous? I think that we have gone through an important stage and have won a tremendous victory. Today we should put a full stop here—ratify. In essence we ratify such an important political USSR law for the first time. It is also clear that in large measure this law is of a purely declarative nature. And although it is not yet fully meaningful, nevertheless it is a political declaration.

"I will say quite briefly: We did our thing in Moscow. And we will also help you as much as we can here. This is my position. I urge you to vote for this act."

As V. Bresis, chairman of the Latvian SSR Council of Ministers, thinks, the Law on Economic Independence of the three Baltic republics itself, which contains many contradictions, gives the basis for the debate. "Since one of them concerns further legal activity," the deputy said, "it is necessary to talk things over. For example, from article 1 of this law it follows that our activity should be strictly within the framework of USSR laws, but from article 6, that we can adopt these laws insofar as they do not contradict the republic's sovereignty." The speaker urged that Comrade Bisher's proposal to ratify the law be accepted, at the same time, stressing that we must ourselves fight for our own sovereignty and that, in principle, further tactics were clear. If the USSR Council of Ministers, despite the republic's effort, nevertheless adopts acts unacceptable to it, then—as the speaker said—he reserves to himself the right to report on this to the Supreme Soviet and the operation of such acts on the republic's territory will simply be suspended.

Ye. Dyachkov, general director of the Degviyela Association, pointed out that the law's ratification at this session would not mean that it would enter into force then and there, for example, on 22 or 23 January. "I believe," the deputy stressed, "that this is the beginning of extensive, large-scale, and very profound and serious work. And we will be able to carry it out further if there is a basis. Otherwise, we will lose psychologically and politically both in the eyes of the people and the country as a whole." The speaker proposed that the law be ratified.

Leningrad Oblast, Uzbekistan Sign Cooperation Agreement

904A0177A Tashkent PRAVDA VOSTOKA in Russian
12 Jan 90 p 3

[Text and commentary on agreement: "Agreement on the Development of Economic, Scientific-Technical and

Cultural Cooperation Between the Uzbek SSR, the City of Leningrad and Leningrad Oblast"]

[Text] At the present time, when perestroika in our country has entered a critical stage, an important role is being assigned to the deepening and development of interregional ties for the resolution of major economic and social problems on the basis of the integration of resources and the raising of the efficiency of the utilization of the established scientific-technical potential.

The present agreement provides for the establishment of long-term mutually advantageous relations between the Uzbek SSR, the city of Leningrad and Leningrad Oblast for the resolution of specific tasks in the development of productive forces, the involvement of manpower resources in production, the increase in the production of consumer goods, the improvement of the population's food supply, the expansion of the services sphere, the development of scientific and cultural ties, tourism and the recreation of the working people, and the improvement of the system for the training of qualified working personnel, specialists and scientists.

For these purposes, provision is made for:

In Industry

Implementation of a long-term staged program for the maximum approximation of the processing production systems of the light and textile industries of Leningrad and Leningrad Oblast to the sources of raw materials, especially cotton fiber, and for the rational utilization of the available manpower resources of Uzbekistan through the development in the republic of branch offices, shops, sections and joint production systems of Leningrad enterprises and associations utilizing the latest technologies and up-to-date equipment;

Establishment in the Uzbek SSR of branch offices, shops, sections and joint production systems of enterprises in the machine building, heavy and defense branches of the industry of Leningrad and Leningrad Oblast for the production of consumer goods, especially complex household appliances;

Comprehensive help in the development of the production of building materials in Uzbekistan on the basis of the existing significant reserves of phosphogypsum, kaolin and the processing of cotton stalks;

Beginning in 1990, leasing of timber-felling resources in Leningrad Oblast to Uzbekistan for the organization of the procurement and timber-processing industry and also procurement of timber in the region of other cuts;

Provision of practical help to industrial enterprises of Uzbekistan in the mastering of progressive technologies aimed at saving resources and improving the quality of produced output;

In the Agro-Industrial Complex and the Improvement of the Food Supply to the Population

Increase in the delivery of fresh vegetables, cucurbit crops, fruits, table grapes, dried fruits, eastern sweets and other confectionery, and canned fruits and vegetables to Leningrad and Leningrad Oblast from the Uzbek SSR;

Opening of Uzbek company stores in the city of Leningrad for the sale of dried fruits and eastern sweets;

Organization in Uzbekistan of branches, shops and sections of machine building enterprises of the city of Leningrad for the manufacture of equipment for the processing branches, the equipping of vegetable and fruit storage places and the reconstruction of greenhouses and also for the production of eastern sweets and other confectionery;

Delivery of pedigreed calves of highly productive breeds and seed potatoes from Leningrad Oblast to the kolkhozes and sovkhozes of Uzbek SSR;

Development of scientific cooperation in the resolution of questions in the reduction of losses in agricultural output in transportation, storage, processing and marketing;

In the Training of Personnel

Expansion of the training of qualified working personnel in vocational and technical schools and in the enterprises of the city of Leningrad and Leningrad Oblast through a specific program for the enterprises of Uzbekistan;

Provision for the increase in the acceptance of Uzbek students in Leningrad VUZ's and organization of the production and on-the-job training of the students;

Expansion of the training of scientific personnel for the Uzbek SSR through postgraduate work at Leningrad institutes and VUZ's in the priority directions of scientific-technical progress;

In Scientific Research, Culture, Health Care and Tourism

Development of cooperation in the area of scientific research, the organization of planning and design work and the introduction of the achievements of science and technology in production, paying special attention to the establishment of up-to-date methods;

Ensuring of an extensive exchange of creative delegations and artistic groups in the area of culture and art;

Development of the cooperation of public health agencies in the performance of joint medical research, the organization of the clinical treatment of the population and the prevention of disease;

Helping to develop tourist ties through the establishment of joint bases and routes making it possible also to accept foreign tourists;

Establishment of the conditions for working people and members of their families to get full treatment and rest at medical institutions, sanatoriums, preventive clinics, boarding schools, and youth and Pioneer camps.

Organizational Questions

For the purpose of coordinating joint actions for the practical realization of the obligations accepted in the present agreement:

Establish permanent representations of the interested sides under the Uzbek SSR Council of Ministers and the Leningrad Gorispolkom in the city of Leningrad;

Develop in the first quarter of 1990 a program of specific measures for 1990 and the 13th Five-Year Plan. Entrust Uzbek SSR Gosplan and the planning commissions of the Leningrad Gorispolkom and Leningrad Oblispolkom with the performance of this work;

Ensure the coordination of the work of the administrations of the Central Asian and October railroads as well as the Uzbek and Leningrad administrations of civil aviation in the joint fulfillment of requests for the provision of transport facilities and the delivery of freight in connection with the realization of the present agreement.

I. Karimov, secretary of the Uzbek Communist Party Central Committee

M. Mirkasymov, chairman of the Uzbek SSR Council of Ministers

B. Gidasov, secretary of the Leningrad CPSU Obkom and Gorkom

V. Khodyrev, chairman of the Leningrad Gorispolkom

Yu. Yarov, chairman of the Leningrad Oblispolkom

As the agreement provides, long-term mutually advantageous ties are being established between our republic, Leningrad and Leningrad Oblast for the resolution of specific tasks in economic development, the involvement of manpower resources in production, the increase in the production of consumer goods, the improvement of the food supply of the population, the expansion of the services sphere, the development of scientific and cultural ties, tourism and the recreation of the working people, and the improvement of the system for the training of qualified personnel, specialists and scientists. This was noted as the meeting of the Uzbek SSR Council of Ministers on 10 January. It was emphasized that the realization of the agreement is important not only socially and economically but also politically. It is aimed at strengthening the fraternal interrelationships of the labor collectives of Uzbekistan, Leningrad and Leningrad Oblast.

The Council of Ministers entrusted the republic Gosplan together with ministries, departments, associations and enterprises, the Council of Ministers of Karakalpakskaya ASSR, oblispolkoms and Tashkent Gorispolkom with the preparation of a specific program of cooperation for the current year in the directions of work reflected in the agreement and with their day-to-day coordination with the Leningrad Gorispolkom and oblispolkoms.

A mixed commission from our republic has been organized and the working groups of this commission have been affirmed. The economic system and the improvement of the management of the national economy, industry, scientific-technical progress, transport and communications, construction and the construction industry, culture, education and the training of personnel, the agro-industrial complex and territorial interaction—these are the directions of the action of the working groups.

A representation of the Leningrad ispolkoms will be opened in Tashkent and a representation of the Uzbek SSR Council of Ministers will be opened in the city on the Neva. Representatives of Uzbekistan and Leningrad will also work in Moscow in the permanent representation of our republic.

Much diverse work has begun for the long term. An agreement has been signed, for example, by two associations widely known in the country for the production of electronic equipment: Svetlana in Leningrad and Foton in Tashkent.

The basis of the agreement is a promising development by scientists from the Uzbek Academy of Sciences. They created a technology capable of spraying a glass with a very thin film that gives rise to electricity under the action of light. Here, in our lack of sources for direct current, is an "everlasting battery"....

Foton will take on the production of such photoelements and Svetlana will handle microcircuits. They will exchange these items and within 2 or 3 years each partner will be able to organize the mass production of such goods in demand as school pocket calculators that do not need batteries.

There are many other threads extending from Foton to the banks of the Neva. An essential unit—a high-voltage rectifying column—has been developed and is being produced in Tashkent specially for the portable color television sets of the Positron Plant in Leningrad. The television plant imeni Kozitskiy, the supplier of the well-known "Raduga," receives voltage multipliers.... More than 20 Leningrad enterprises know and appreciate the brand of the business partner named Foton.

The agreement on cooperation had begun to work!

MODELING, ECONOMETRICS, COMPUTERIZATION

Methodology For Comparing National Income Statistics Criticized

Living Standards Distorted

904A0186A Moscow ARGUMENTY I FAKTY in
Russian No 3, 20-26 Jan 90 pp 6, 7

[Article by A. Illarionov, candidate of economic sciences: "Paradoxes of Statistics"]

[Text] Public interest in statistical information on the level of economic development and the living standard in the USSR is no less big than the difficulties that must be overcome in order to obtain data of this kind. Any country, in particular, such as the USSR, possesses its own unique "economic portrait." The structure of production and consumption, the level of prices and their ratio, the proportion of employment and wages, types of produced products, and their quality—these and many other characteristics diversify economic reality to such an extent that international comparisons, in general, become possible only with a large degree of diversion from details and not from them alone.

Inconvertibility of the ruble, as well as the fact that products of the Soviet processing industry, owing to their low quality, participate in international trade in limited amounts, poses additional difficulties. This greatly complicates direct comparisons of the results of production activity in the USSR and in other countries.

It should be noted that calculations of the amount of national per-capita income reported by official Soviet statistics do not stand up to criticism. According to the data published, in particular, in the collection "Narodnoye khozyaystvo SSSR za 60 let" [USSR National Economy in 60 Years] (Moscow, 1977), in 1976 per-capita income in the Soviet Union calculated according to the "methodology accepted in the USSR" was higher than in a number of foreign countries (that is, in the FRG, Denmark, the Netherlands, Belgium, Great Britain, Italy, and so forth), comprising 56 percent of the U.S. level.

The statistical collection "SSSR i zarubezhnyye strany" [USSR and Foreign Countries] (Moscow, 1988), which for the first time in the last 11 years publishes data on the amount of national income in the USSR and in some other countries, also offers almost the same magnitude—55 percent of the U.S. level. For the sake of objectivity it should be admitted that not all the data in it are as obviously absurd as in the 1977 collection. In any case, an attempt to convince the people that our fellow citizens live better than in Denmark and in the FRG is no longer made. However, the preservation of previous methodologies and methods of calculations "accepted in USSR statistics" leads to incomprehensible paradoxes.

Whereas, according to the data of international statistics, Sweden is one of the most developed countries in the world and in its level of economic development surpasses, for example, Italy approximately 1.3-fold, according to the calculations of Soviet statistics, national per-capita income in Sweden (6,457 dollars in 1985) is 13 percent lower than in Italy (7,291 dollars).

According to the data of the State Committee for Statistics, Finland is virtually at the same level with Spain (5,539 and 5,484 dollars respectively), although international statistics attests to at least a 40 percent excess of per-capita income in Finland over the corresponding indicator in Spain. According to the official handbook, the level of Finland's development is only 13.7 percent higher than that of USSR development (5,539 and 4,870 dollars respectively). In the same 1985 the production of national per-capita income in Estonia (2,518 rubles) exceeded the average Union indicator (2,082 rubles) by 20.9 percent. In other words, an attempt is made to assure readers that Estonia allegedly outstrips, even if negligibly, Finland in the level of economic development, which has nothing in common with reality.

And, of course, the chief thing—the overstated USSR indicator with respect to all countries proposed by the statistical collection: 55 percent of the level of the United States; 67 percent, of Japan; 81 percent, of the Netherlands; 88 percent, of Finland; 75 percent, of Sweden, and so forth. Thus, embellishing the actual economic situation of the Soviet Union, official statistics tries to preserve the myth about the “high development” of the Soviet economy.

The most serious and widely recognized method of international comparisons was developed by a group of American scientists under the guidance of M. Gilbert and I. Kravis in the 1950's and was refined during subsequent years with the participation of Z. Kennessy, A.. Heston, and R. Sommers.

The essence of the proposed method lies in measuring gross products of various countries in the same currency—“international dollars.” The purchasing power of this monetary unit is determined as a result of a comparison of prices of goods and services produced in the United States with prices of similar products and services produced in other countries. The tables presented below are compiled on the basis of the results of work by A. Heston's and R. Sommers' group, as well as of calculations performed by B. M. Bolotin, a leading Soviet specialist in the area of international economic comparisons.

Although the method used in calculations is the best of those presently applied, nevertheless, it does not take into consideration to the proper degree the difference in the quality of goods and services in various countries. Since most Soviet goods in terms of their quality are hard to compare with goods produced in American, European, and Asian countries, many specialists in international comparisons assume that even these very low

magnitudes of the level of economic development and of the level of consumption in the Soviet Union are overstated by several percentage points.

It is not difficult to note that our country's lag in the level of consumption is much greater than in the level of development. The reasons for this lie, in particular, in the lower (as compared with American) general efficiency of the domestic economy, in the fact that the share of personal consumption in the final product in the USSR is lower than in the United States (in the USSR, 44 percent; in the United States, 68 percent), and in the higher share of nonproductive military expenditures in the gross national product (according to evaluations by the International Strategic Research Institute in London, in 1984 the corresponding values were 7.1 percent in the United States and 15.4 to 17.6 percent in the USSR).

The objective situation in the world system of economic coordinates unequivocally points to the most urgent need to carry out radical social-economic and political transformations. Only decisive reforms together with the establishment of the most favored nation treatment for all carriers of socialist enterprise can lead to the country's economic revival.

From the editors: The comment of the USSR State Committee for Statistics on the same subject will be published in the next issue.

**Per-Capita Gross Domestic Product in 1985
(in “international dollars”)**

Place	Country	Dollars	Percent
1	Kuwait	14868	118.6
2	Norway	12623	100.7
3	United States	12532	100.0
4	United Arab Emirates	12404	99.0
5	Canada	12196	97.3
6	Qatar	-	-
7	Denmark	10884	86.8
8	FRG	10708	85.4
9	Guam	-	-
10	Switzerland	10640	84.9
11	Midway	-	-
12	Brunei	-	-
13	West Berlin	-	-
14	Luxemburg	10540	84.1
15	Monaco	-	-
16	France	9918	79.1
17		9904	79.0
18	Wake	-	-
19	Singapore	9834	78.5
20	Belgium	9717	77.5
21	Japan	9447	75.4

**Per-Capita Gross Domestic Product in 1985
(in "international dollars") (Continued)**

Place	Country	Dollars	Percent
22	Greenland	-	-
23	Virgin Islands (USA)	-	-
24	Finland	9232	73.7
25	Hong Kong	9093	72.6
26	Netherlands	9092	72.6
27	Bahamas	-	-
28	Vatican	-	-
29	Iceland	9037	72.1
30	Austria	8929	71.2
31	Liechtenstein	-	-
32	Andorra	-	-
33	Micronesia	-	-
34	East Samoa	-	-
35	Australia	8850	70.6
36	Bermuda Islands	-	-
37	GDR	8740	69.7
38	Great Britain	8665	69.1
39	Gibraltar	-	-
40	Bahrain	8192	65.4
41	New Zealand	8000	63.8
42	Puerto Rico	-	-
43	Antilles	-	-
44	Oman	7792	62.2
45	Falkland Islands (Islas Malvinas)	-	-
46	Italy	7425	59.2
47	Czechoslovakia	7424	59.2
48	San Marino	-	-
49	Nauru	-	-
50	Guadeloupe	-	-
51	Martinique	-	-
52	Trinidad and Tobago	6884	54.9
53	Saint Pierre and Miquelon	-	-
54	Reunion	-	-
55	Libya	-	-
56	Spain	6437	51.4
57	New Caledonia	-	-
58	Israel	6270	50.0
59	Saudi Arabia	5971	47.6
60	Hungary	5765	46.0
61	French Polynesia	-	-
62	Malta	5319	42.4
63	Cyprus	5310	42.4
64	Barbados	5212	41.6

**Per-Capita Gross Domestic Product in 1985
(in "international dollars") (Continued)**

Place	Country	Dollars	Percent
65	Ireland	5205	41.5
66	Bulgaria	5113	40.8
67	Yugoslavia	5063	40.4
68	USSR	4996	39.9
69	Poland	4913	39.2
70	Greece	4464	35.6
71	Romania	4273	34.1
72	Mexico	3985	31.8
73	Iran	3922	31.3
74	Aruba	-	-
75	Republic of South Africa	3885	31.0
76	Portugal	3729	29.8
77	Macao	-	-
78	Taiwan	3581	28.6
79	Venezuela	3548	28.3
80	Suriname	3522	28.1
81	Argentina	3486	27.8
82	Chile	3486	27.8
83	Uruguay	3462	27.6
85	Malaysia	3415	27.3
88	Brazil	3282	26.2
90	South Korea	3056	24.4
92	Panama	2912	23.2
93	Syria	2900	23.1
102	China	2444	19.5

The countries, the data on which are not presented, are arranged in decreasing order of magnitude of the per-capita gross domestic product expressed in current prices at exchange rates. Parities of the purchasing power of currencies in these countries are not calculated in connection with the shortage of information. For technical reasons beginning from the 80th place only some countries are mentioned.

**Per-Capita Personal Consumption in 1985
(in "international dollars")**

Place	Country	Dollars	Percent
1	United States of America	8542	100.0
2	Canada	7390	86.5
3	Switzerland	6998	81.9
4	Hong Kong	6930	81.1
5	Luxemburg	6820	79.8
6	France	6509	76.2
7	Guam	-	-
8	Belgium	6173	72.3
9	Norway	6123	71.7
10	Iceland	6113	71.6
11	Midway	-	-

Per-Capita Personal Consumption in 1985
(in "international dollars") (Continued)

Place	Country	Dollars	Percent
12	Denmark	5840	68.4
13	FRG	5819	68.1
14	Austria	5598	65.5
15	Netherlands	5563	65.1
16	Monaco	-	-
17	Australia	5313	62.2
18	West Berlin	-	-
19	Great Britain	5174	60.6
20	Kuwait	5153	60.3
21	Bahamas	-	-
22	Japan	4909	57.5
23	Wake	-	-
24	United Arab Emirates	4847	56.7
25	Finland	4829	56.5
26	Qatar	-	-
27	Sweden	4703	55.1
28	Virgin Islands	-	-
29	Spain	4652	54.5
30	Italy	4651	54.4
31	Vatican	-	-
32	New Zealand	4446	52.0
33	Singapore	4430	51.9
34	Liechtenstein	-	-
35	Bahrain	3798	44.5
36	Cyprus	3664	42.9
37	Barbados	3652	42.8
38	Trinidad and Tobago	3644	42.7
39	GDR	3556	41.6
40	Israel	3534	41.4
41	Greenland	-	-
42	Brunei	-	-
43	Malta	3490	40.9
44	Micronesia	-	-
45	Czechoslovakia	3390	39.7
46	Andorra	-	-
47	Greece	3167	37.1
48	Bermuda Islands	-	-
49	Gibraltar	-	-
50	Puerto Rico	-	-
51	Hungary	2971	34.8
52	Antilles	-	-
53	Faulkland Islands (Islas Malvinas)	-	-

Per-Capita Personal Consumption in 1985
(in "international dollars") (Continued)

Place	Country	Dollars	Percent
54	Ireland	2801	32.8
55	San Marino	-	-
56	Bulgaria	2723	31.9
57	Nauru	-	-
58	Mexico	2623	30.7
59	Guadeloupe	-	-
60	Martinique	-	-
61	Saint Pierre and Miquelon	-	-
62	Reunion	-	-
63	Yugoslavia	2479	29.0
64	Poland	2461	28.8
65	Argentina	2453	28.7
66	New Caledonia	-	-
67	Brazil	2343	27.4
68	French Polynesia	-	-
69	Uruguay	2317	27.1
70	Aruba	-	-
71	Suriname	2295	26.9
72	Portugal	2274	26.6
73	Saudi Arabia	2268	26.6
74	Iran	2238	26.2
75	Macao	-	-
76	Republic of South Africa	2200	25.8
77	USSR	2198	25.8
78	Venezuela	2113	24.7
79	Romania	2059	24.1
80	Syria	2049	24.0
81	Turkey	-	-
82	Columbia	1925	22.5
83	Taiwan	1881	22.0
84	Chile	1849	21.6
85	Jordan	1746	20.4
86	South Korea	1744	20.4
87	Libya	-	-
105	Thailand	1281	15.0
111	China	1144	13.4
124	Philippines	1002	11.7
128	Pakistan	888	10.4

Countries, the data on which are not presented, are arranged in decreasing order of magnitude of personal consumption calculated at exchange rates. Parities of the purchasing power of currencies in these countries are not calculated in connection with incomplete information. For technical reasons beginning from the 80th place only some countries are mentioned.

'Complexity' of Comparisons

904A0186B Moscow ARGUMENTY I FAKTY in
Russian No 4, 27 Jan-2 Feb 90 p 5

[Article by G. Zarubin: "International Comparisons at the New Stage"]

[Text] In the previous issue we published an article by Leningrad economist A. Illarionov entitled "Paradoxes of Statistics," which defines our country's place in terms of the living standard in the international system of coordinates.

At our request Candidate of Economic Sciences G. Zarubin, deputy chief of the Administration of Foreign Economic Relations Statistics of the USSR State Committee for Statistics, speaks out on this topic.

The problem concerning the level of economic development of the USSR in relation to other countries—one of the most urgent ones—also evokes great interest on the part of wide masses in our country and abroad. This problem is raised quite often in our press in connection with criticism of the USSR State Committee for Statistics.

At present the USSR State Committee for Statistics is changing over to a fundamentally new method of obtaining results of international comparisons, which consists in USSR participation in the UN Project for International Comparisons, as well as in the performance of joint work on comparisons with official statistical bodies of developed capitalist countries. The Soviet Union will participate in the UN project beginning from its sixth stage (according to 1990 data).

It should be taken into account that such comparisons on the basis of interstate agreements represent very labor intensive and expensive research and require the enlistment of a large number of specialists, including international experts. For example, on the part of the Soviet Union alone, in addition to workers of the USSR State Committee for Statistics, specialists from about 180 sectorial scientific research institutes of more than 40 USSR ministries and departments have been enlisted in comparisons of key value indicators of national economic development of CEMA members and of the Socialist Federative Republic of Yugoslavia, which are held regularly once in 5 years. Their task is not only to select several thousands of representative goods characteristic of production and consumption in the USSR, which correspond to foreign analogs, but also to find and evaluate the differences in the quality of goods and services with a view to correcting prices, if this is necessary, in order to bring representative goods in various countries to a comparable form.

The complexity of international comparisons and incompleteness of initial information available even to such experienced researchers as R. Sommers and A.

Heston leads to results producing an ambiguous reaction in many countries throughout the world. Their calculations, which A. Illarionov presents in his article, are based on UN international comparisons, in which neither the USSR, nor the GDR, nor Bulgaria, nor a number of other states, for example, Switzerland, participated. Other research results, evaluation methods, and so forth have been used to obtain data on these countries.

Very many such evaluations are published. However, even the results of serious comparisons made by official statistical bodies of countries and of international associations differ from each other depending on the applied methods, range of compared countries, and other factors. Thus, according to 1985 data, a comparison of the per-capita gross domestic product within the framework of the Organization for Economic Cooperation and Development gives for Norway 84 percent in relation to the United States and for Luxemburg 81 percent in "international dollars," that is, in accounting currency units (see the publication of the Organization for Economic Cooperation and Development). In the European program of comparisons for the same year Luxemburg's per-capita gross domestic product exceeds Norway's indicator, that is, even the ranked order of the countries changes.

Whereas the statistics of most countries throughout the world used the gross domestic (national) product as the generalizing indicator of the level of economic development, the USSR State Committee for Statistics until recently used for these purposes national income according to the methodology of the national economic balance, that is, without the calculation of income received in the nonproductive sphere and depreciation. At present the USSR State Committee for Statistics also calculates the gross domestic product according to a methodology maximally approximating international practice. This will significantly facilitate international comparisons and will make them more reliable.

On the other hand, the USSR State Committee for Statistics is in need of methodological developments based on modern achievements of statistical and economic science. Scientific institutions of the system of the USSR Academy of Sciences and of other departments, as well as individual researchers, could give great help in this area provided their approach to this problem is serious.

The USSR State Committee for Statistics is ready to examine any constructive proposals for improving the theory and practice of international comparisons. We would like to note that an interdepartmental commission for work in the area of international comparisons has now been established with the participation of representatives of the USSR Academy of Sciences, the USSR State Committee for Statistics, the USSR Gosplan, and other interested departments.

AGRO-ECONOMICS, POLICY, ORGANIZATION

VASKhNIL President on Land Ownership, Regard for Local Conditions

904B0097A Moscow TRUD in Russian
28 Dec 89 pp 1-2

[Interview with A.A. Nikonov, president of VASKhNIL, by Yu. Popov: "The Land Is for All People"]

[Text] The heading of our conversation with A.A. Nikonov, president of the VASKhNIL [Academy of Agricultural Sciences], arose the moment when, in discussing the impossibility of buying and selling the land, Aleksandr Aleksandrovich recalled the popular saying: "A good mother is for her children but the land is for all the people." And he added: "We stand firm that one cannot bargain for it." The necessity of standing firmly on this was shown by the arguments, sometimes heated, in all stages of the preparation of the draft Bases of the Country's Land Legislation in the Committee on Agrarian Questions and Food, other committees of the USSR Supreme Soviet and, finally, the Second Session of the Supreme Soviet, which not very unanimously decided to adopt the much-reworked draft law in the first reading and to present it for national discussion. A.A. Nikonov began the discussion with an explanation of the position that he and his confederates hold:

[Nikonov] Land reform is a most important element of the economic restructuring of the country. And not only of the economic restructuring. The agrarian question was always a social and a political question. It is no accident that the Decree on Land passed in October 1917 was second after the Decree on Peace. And it is no accident that at that time the men and women peasants were given the right to farm as they saw fit—whether it be a family or private farm, a commune or a collective. It can be said that the decree played a decisive role in the triumph of the October Revolution. The Red Army was basically constituted as a peasant army. Peasants went to battle for land and for freedom....

The land question is no less current today. And it involves every Soviet individual, for the well-being of the nation begins here, with the arable land. But it is quite significant for the peasant, for his entire life and fate are linked with the land. He was born on it, it is his field of action (in a literal sense) and his source of existence. An oilman can live on piles in the sea but the grain grower will give us food only from the land.

This law "covers" all areas of our country, including forest and water areas, although there is special legislation for them. It also extends to the cities, to industrial territories and to nature-protection zones but the first line in it is dedicated to the lands for agricultural use—to those lands that literally cried out about their disastrous state, about the degradation and destruction of the topsoil, about the reduction of natural fertility and about

the floods and other calamities caused by human action or inaction, which shrank the "plot" that feeds us all like a shagreen.

Along with the diminishing fertility, the yield from the labor of farmers has also declined. Many newspaper pages are insufficient to explain why. The main reason is that at the end of the 1920's and beginning of the 1930's they took the land away from the peasants, whom they turned into pawns, even depriving them of identity cards. This was political, social and economic discrimination. In words they proclaimed the people to be collective owners but in fact they deprived them of the fields "given to them for eternal use" and completely nationalized the agricultural lands.

Only two states in the world—the USSR and Mongolia—took this step of completely nationalizing the land. There was nothing like it in any other state. The state sector, of course, exists everywhere. But there are also family farms and coopeatives and even communes. As we now say, there is a pluralism of forms of ownership and management....

[Popov] And this pluralism is visible "there" on the counters not in the sense of a mark of ownership of the good but in the form of a multiplicity of products....

[Nikonov] Yes, our comprehensive nationalization made the land no one's and it turned the peasant who owned it into a resigned and irresponsible day laborer, as a result of which the store shelves are uniformly empty and there is a harmonious likemindedness in the lines in front of them: we cannot continue to live this way....

And if we speak of the basic meaning of the draft Bases of Legislation on Land, it is to return an owner to the land who is responsible for it and interested in filling the food counters, so that there will be a person responsible for every hectare, whether it be a peasant family farm, a sovkhoz or a kolkhoz. Not the kind of kolkhoz that was once put together as the barracks type but one that is restructured for the present under cooperative and cost accounting principles. The law must be aimed primarily at overcoming the depersonalization of the land and at giving it an attentive proprietor who will link his fate with it for many years and bequeath to his children the noble business of being a breadwinner.

[Popov] The third article of the draft law reads that the land is the inalienable property of the people living in the territory in question. What is the meaning of these words?

[Nikonov] You know, man did not create the land. It was created by nature. Nature spent millions of years on this thin layer of soil that is the basis of the life of all humanity. So what right does an individual person have to be the absolute owner of even part of this given wealth? Such a right means the freedom to sell, give or mortgage the land and also makes it possible to speculate

and obtain nonlabor income. This is in conflict with the principles of socialism and with the principles of fairness.

In reporting on the draft law at the USSR Supreme Soviet, I considered it necessary to say we have sufficient facts to show that there are people in our country who are just waiting for permission to unjustly invest amassed money in the kind of capital like land that is not subject to inflation and to derive new nonlabor income, for rent is already permitted by law.

We therefore stand firmly on two fundamental principles. First, that the land is the property of the people living on it, whether they be many or few, and one can also say that it is the property of the population of the territory in question. Second, that it was determined after a careful study of the state of the land resources, legislation and the practice of its application in the history of our country and foreign states with different systems: we are against private ownership of the land. And a formula has been introduced on lifetime possession with the right of inheritance. It gives the peasant the juridical basis to stand firmly on his own feet. No one can deprive him of this basis if he will manage the land properly and not permit a deterioration of the farming lands but, on the contrary, will improve their fertility.

We understand possession as ownership less trade in the land. The holder has the right to sow what is advantageous to him. In general, he makes all economic decisions independently and has completely independent control over the produced output. It can no longer be taken away without remuneration, as was done before. It will be necessary to interest the possessor of the output—and this is his full property, with the right to sell—through the price or through the countersale of commodities that he needs.

[Popov] But why, as written in the draft, are industrial, transport, timber management and other nonagricultural enterprises and organizations granted only use of the land?

[Nikonov] The peasant or kolkhoz, cooperative or sovkhoz is given full possession of the land, because for them this is the basic means of production. For the others, it is merely a territory in which production is located or some natural resources are extracted. Therefore, once it is used, restore it or ask what else can be done here. This principle is seen especially clearly in the example of the mining industry: for such enterprises, it is not the soil itself that is important but what is under it. And after the miners extract the coal, ore or whatever else such as mineral fertilizers, let us say, the land must remain. And in the same fertile form in which it was turned over to use. It must be recultivated.

The peasant is not interested in what is in the ground, whether it be oil or diamonds. He has no right to claim them but can claim only those widespread economic minerals necessary for the needs of the farm, peat and the forest lands and water facilities located on the section given to him to possess.

[Popov] We are probably all interested in a form of ownership in which we would not irrevocably lose that fragile topsoil, which, let us hope, will remain a source of full-value nutrition for us that is natural and not "synthetic." But the right of industry only to utilize the land leaves, it would seem, the possibility of limiting its harmful impact on the environment even to the point of suspending this right if the source of the damage is not isolated or stopped altogether, especially since the right to give the land over to possession, utilization and leasing will, according to the draft law, belong to the local soviets of people's deputies....

[Nikonov] Yes, precisely this is the guarantee of the overcoming of the departmental utilization of the land and all other natural resources that has been so harmful to all of us. The deputies of the soviet, who represent all strata of the people, must be guided by their will and not by the command system, which heretofore has not hesitated to poison (in a literal sense) our lives and to exhaust the land itself. If we follow the logic of democracy, the soviets have the power to make sure that the land is used properly and that ecological conditions and all legislation are observed. And they will charge for the land to achieve efficient management.

The draft limits the competence of the autonomous oblasts and districts, autonomous and union republics and USSR in the regulation of land relations. According to it, the higher authorities will not be able to dispose of the land without the consent of subordinate bodies, including possessors and users of the land. The friendly position of the deputies from autonomies made it possible practically to equalize the land rights of autonomous and union republics in the draft law. Thus, the autonomous republics can now gain the right of land legislation in their own territory, just as the union republics have today. But lands for general state purposes will belong to the competence of the USSR—with the consent, I repeat, of all formations that are part of it. As will the establishment of the basic legislative positions in this area and uniform principles for the payment for land and the development, again jointly, of national programs for the rational use of lands. Not a single inch can end up in anyone's hands without the knowledge of the soviets of some level or another. It is even proposed that the smaller nationalities be given the right to hold referendums in deciding the fate of their lands.

[Popov] Several articles mention payment for land. Under what principles can it be determined?

[Nikonov] The first decrees and the constitution now in effect, you see, stipulated that the land is free. Unfortunately, it has again turned out that they are dealing with it as though it belonged to no one. And now payment will be introduced taking into account the cadastral evaluation—the quality and location of the parcels, that is, the natural and economic fertility. Soils in the dry steppes beyond the Volga and in Kazakhstan are one thing and those in Kuban are something else. There is one price for the podzol soils poor in chernozem and another for the

chernozem soils of the Ukraine. There is one advantage from farming near an oblast center, where it is possible to build vegetable greenhouses and to pay for them quickly thanks to minimal transportation costs in marketing them and there is a different advantage in remote areas, to which roads must still be built and where farming lands ought to be allocated at no cost initially. All of this, including the climate, is "caught" in the cadaster.

Of course they brought in irrigation and built a road. A new settlement grows up and the payment changes. The cadaster is not set in concrete—it will be renewed within 5 or 10 years, as will the price.

You know, I looked into some prerevolutionary materials, when every desyatina [2.7 acres] in the Land Bank was assessed in gold rubles....

[Popov] But this was not the last word. In those times in Kiev, say, at the traditional winter fair, contracts were made for the sale and leasing of land. They argued about the price and, when they reached agreement, they shook hands.... Will we be able to determine today's objective value of some particular hectare without this?

[Nikonov] There are auctions everywhere in the world and there is bargaining but people look at the land especially closely. Under the conditions of private ownership as well, the state sets very strict limits on how it is used. Take Holland, a country where 1 agricultural worker provides food for 112 compared to our 12. They are a people who gained 40 percent of their territory from the sea, having invested a tremendous amount of labor and resources in this. Do you think that they turned these lands over to private ownership? Nothing of the kind. The state holds them and leases them for a very high payment. But with the introduction of leasing there is a tendency toward the buying back of the land. Agricultural lands are leased throughout the world and everywhere in the world there is a striving of the lessee to become an owner. But the sale of land is also regulated by state authorities. Civilized states hinder the trading in land for speculative purposes. The laws are very strict in this connection.

And very firm control has also been established over the use of the land. I was in Canada, where I learned that they can take away the right of ownership for the failure to observe measures against erosion. It is considered a violation even if a farmer burns his stubble. But they do not interfere in his day-to-day work. Our draft law is aimed at having such a responsible peasant under our socialist conditions and at preventing any attempt to speculate with the land.

Let us look at this feature of the proposed law: all institutions in it begin with the individual—the individual peasant and the peasant in the cooperative, kolkhoz, sovkhoz, agricultural firm, association, consortium and so on. And all payments also begin with the low-level soviet, practically with the village soviet. And from there a share determined by the legislation of the

union and autonomous republics will be sent "upwards." As you see, here there is a departure from rigid centralization, just as in many other cases in which land relations, as already mentioned, are regulated by the legislation of the union and autonomous republics. This, beginning with the land codes, is their business. Just as it is the business of the peasants themselves to choose the form of management. We are moving away from standardization and command. Let there be a diversity of forms of ownership with equal rights and, to the same degree, of forms of management with equal rights. People will not want to leave a strong kolkhoz and I think that family farms will inevitably opt to join cooperatives.

[Popov] Of course. And it appears that a reciprocal process is possible: the family farms will rely on the material base of kolkhozes and sovkhozes and they, in turn, will begin to reorganize on a truly cooperative basis, especially since the draft law provides for intra-organizational leasing. But how in practice will they implement the principle set forth in Article 24: "At the decision of the soviet of people's deputies and taking into account the interests of the sides, for the purpose of organizing peasant farms, the workers of agricultural enterprises who want to leave them and involve themselves in individual labor activity in agriculture are granted parcels taken from the lands of the indicated enterprises. The system and conditions for the granting of parcels are determined by the legislation of union and autonomous republics."

[Nikonov] That is a very painful question that we are discussing very keenly. It is certainly difficult to resolve it in Moscow. It must be done locally. For problems of this kind may arise: a person claims a parcel of land but it is in the middle of a crop rotation. Can this be resolved without agreement between the current and future possessors of the land? In the Baltic region, which I know well and where there was recently a farmstead economy and the fields were mostly subdivided, the children and grandchildren of the owners of these farmsteads and adjoining lands are alive today. And they are saying that they want to receive their ancestral homes and work their ancestral lands. And it is easier to resolve this there than somewhere in central Russia, on the vast steppes, where there have been several generations since the time of collectivization and where before the revolution the lands were communal and the peasant farms did not have so many permanent holdings.

In the discussion of the versions, various proposals were made through the agreement of the sides and at the decision of the overall assembly. But in many cases the overall assembly can say: do not isolate... This is the case when the majority must not pressure the minority. But neither should one infringe on the rights of the majority. These are very complex collisions. And heaven knows that the matter cannot be resolved fairly without minute knowledge of local conditions, traditions, the quality of the land and everything else. For this reason, the draft does not go into detail. This is clearly a matter for

republic legislation. I remind you that the USSR Supreme Soviet adopted the Bases of National Legislation in the first reading. And it must be assumed that in the course of national discussion the principles for tackling this problem will be expressed more precisely.

In a single conversation, of course, it was difficult to cover the entire draft law on land and especially to do so in detail. Its text itself takes up more than a newspaper page. And if readers still have questions with respect to the need to explain some particular positions of the legislation, A.A. Nikonov expressed a willingness to answer them. The editor's office, in turn, is prepared to make pages available for discussion of this act of national importance.

Stroyev Endorsement of Leasing in Countryside
904B0118A Moscow *EKONOMICHESKAYA GAZETA*
in Russian No 44, Oct 89 p 10

[Report on statement by Ye. Stroyev, secretary of CPSU Central Committee during a meeting of the CPSU Orel Obkom: "The Most Viable and Effective Form of Cost Accounting"; date not given]

[Text] What is hampering the development of leasing in the countryside? How are relations being built between leaseholders and kolkhozes [collective farms] and enterprises in the agroindustrial complex and local soviets? And what lies at the foundation of lease payments? Today all these issues are being discussed in a lively way in the USSR Supreme Soviet and have become the subject of active debate in its commissions and subcommittees to prepare the fundamentals of legislation on leasing and lease relations in the USSR. They were also the focus of attention among those attending a business-like meeting held by the CPSU Orel City Committee [obkom] and the *EKONOMICHESKAYA GAZETA* editorial offices. Experience gained in work to develop leasing was shared here by kolkhoz leaders, leasing collectives, workers in the oblast agroindustrial complex, and party committees through their opinions on ways to resolve the problems that have arisen. CPSU Central Committee Secretary Ye. Stroyev spoke at this meeting.

In life there are no magic wands with whose help all problems in the agroindustrial complex can be solved immediately. There are too many of them and they are on many planes and have their own features. And every time that we move to find solutions to these problems we must take into account all the factors in the development of the agroindustrial complex.

In the first place I would put the inflow of manpower into the countryside. Without this economic transformations will not provide the desired effect. Then, of course, it is necessary to introduce an effective economic management mechanism, renew the technological process, and do everything that is necessary for the rebirth of the countryside.

The Orel Oblast party organization is directing its main efforts toward indoctrinating the rising generation of peasants to make it capable of engaging in production independently on an up-to-date scientific basis. To this end a great deal is being done to place experts in leasing collectives so as to sharply reduce their numbers in offices. Of course, for leasing what is needed is also a solid peasant family, and the establishment of such families is only just beginning.

It is understood that leasing alone does not cure all the old diseases in the agrarian sector that have built up over the decades. I am sure that without significant reverse migration into the countryside the desired results will not be achieved. We need a clear-cut program for the rebirth of the countryside. The CPSU Central Committee March Plenum adopted fine decisions on this score.

We must have well-built housing in the countryside, along with sociocultural projects and a developed infrastructure, that is, a complete social complex just as good as that in the cities, as has already been done in Belorussia and the Baltic. We have set about this work energetically and we shall bring it to a conclusion. There simply is no other way.

In Orel Oblast there is a program for bringing up the backward villages—the "Programma-100"—and the method of construction by the people is being used for construction in the countryside. There is also the foundation for the rebirth of the Orel countryside and cultural monuments. I would like particularly to mention this popular initiative since it is not simply a patriotic movement that stems from a grass-roots level, but is first and foremost a revival of respect for the peasantry and its labor.

As soon as a start was made in the oblast to resolve these issues comprehensively, the main thing that was noticed was that there was greater faith in the possibility and realistic nature of real, significant changes. For the first time in recent years our kolkhoz and sovkhoz [state farm] leaders and party and soviet cadres have had time for consideration and analysis and the search for new ideas and a realistic way that provides a return.

For example, no one in the Orel area is now asking "How do we feed the cattle." There is always a reserve. This year 1.5 to 2 times more succulent fodder than the plan is being procured, and there are adequate quantities for other forage. This question has not been a "hot" one for three years now.

The problem of manual cultivation of sugar beets is also being resolved. The heavy labor to grow them was wasteful for a countryside with few people. The situation has changed thanks to the mastery of new technologies and the switch to leasing relations. Within the oblast the production of sugar beets is growing, and is already above the plan. Today the first secretary of the Pokrovskiy raykom, I. Gridin, (the most difficult and least populated rayon) announced that they will be selling the

equivalent of two plans for sugar beets. The secretary of the Novoderevenskiy raykom, A. Voropayev, (where they have never fulfilled the plan in the last 10 or 15 years) announces this: "We shall also be selling the equivalent of almost two plans for sugar beets." When people no longer talk about increases of 10 or 20 percent and when they want to sell two plans of the most labor-intensive output, which requires enormous expenditures of labor and material-technical resources, this means that what has happened really is something fundamental.

It has now become possible to think about a significant build-up in grain production. In conversations with raykom secretaries, even today the following idea is being discussed: Why not move decisively to the cultivation of corn for grain? We could now cut 50,000 hectares of corn with a yield of 40 to 50 quintals per hectare, and obtain an additional 200,000 to 300,000 quintals of corn for grain, and then the oblast would have solved the entire concentrated feed problem that has arisen. And this means that we could save about half of the grain that is now used for forage. It is only an idea, but considerable groups in Sumy are already doing this and have started to grow corn for grain, and the areas sown have been extended to the boundaries of Bryansk Oblast. So why can't this kind of corn also be grown in Livenskiy rayon in Orel Oblast.

The potatoes grown by many of the villagers have now died off. But leaseholders at the Kolkhoz imeni XXII Partysyezda in Orlovskiy rayon are gathering 342 quintals to the hectare. In Pokrovskiy rayon the population is also asking for seed potatoes--they did not grow any. And the rayon still fulfilled a plan- and-a-half for potatoes from the public sector.

That is, progressive management forms offer new approaches to the work, liberate the human intellect, and lead a person to search for new directions and new ideas, and provide an opportunity to feel that he is a participant in the process of perestroika in our socialist society.

Passions are raging about leasing in society. It not only has its supporters but also its ardent opponents, first and foremost because of ideological diversions. Some people will defend to the death only the kolkhozes and sovkhoses, while others are for the small farms. Yet others cast doubts on leasing because in their view it is not in line with "the purity of socialism," even though they suggest nothing to replace it. Years of search and work in restructuring production relations in the Orel area confirm that leasing is the most viable and effective form of cost accounting and is capable of reanimating our agriculture. At this time about a dozen very different forms of leasing are operating in the oblast, both "under the cover" of the kolkhozes and sovkhoses and independently in the form of cooperatives and family farms, and home leasing.

Today I have no doubt about the correctness of the path that has been chosen. For perhaps for the first time our

cadres have started to experience the joy of free labor. Leasing has already proven its viability and has set down deep roots in the oblast. In the Orel area no one is casting doubt on the socialist tenor of life, no one is yearning for capitalism, and no one is about to auction off the land or set the kolkhoz in opposition to the farmer. On the contrary, a method has been found to integrate production-economic links that make it possible to strengthen the various forms of ownership, convincing us through its action that one form can help another.

And this optimism on the part of people, rank-and-file workers, kolkhoz farmers, and secretaries of party organizations makes it possible to decide that the decisions of the CPSU Central Committee March Plenum were correct, and they are providing us with an opportunity to move ahead in solving the most difficult of problems--the food problem.

REGIONAL DEVELOPMENT

ESSR CC Secretary Vyali on Farms, Finances

Peasant Situation, Agrarian Party

904B0133A Tallinn SOVETSKAYA ESTONIYA in
Russian 19 Dec 89 p 3

[Interview with Arder Vyali, agricultural secretary of the Estonian CP Central Committee and USSR people's deputy, by G. Golub: "What Will the Peasant Choose?"]

[Text] For a long time now it has not been possible to call Estonia a rural republic. Nevertheless, about half of its population lives in rural areas in which the current situation is being called precarious, unstable and almost critical. Our newspaper has written about this on numerous occasions recently (see SOVETSKAYA ESTONIYA 19, 28 November, 1 December). On 7 December we published the position of the committee on agricultural policy of the Estonian CP Central Committee, "On the Development of the Village and of Agriculture."

Today our reporter is discussing this subject with Arder Vyali, agricultural secretary of the Estonian CP Central Committee and USSR people's deputy.

"First I have a question for you," Arder Ivanovich began the conversation. "As a city resident, what was your impression of the position on the development of the Estonian village?"

[Golub] It seems to me that the party has taken a firm step forward, having taken upon itself the blame for all of the problems and errors of the past. This is definitely not an easy thing to do. But I think that it is no less difficult to propose a new program for village development. After all, how many such programs have we already had in the past! And where are the guarantees that these are realistic, even if they are judicious and humane and based on the true priorities of village life?

[Vyali] We are far from such real priorities. An ordinary declaration will change nothing. Consider the fact that in the republic, in which the population is 1.5 million, almost one-third of the people live in Tallinn, which continues to grow...It is time to reconsider. If urbanization continues at this pace, a crisis will ensue and there will be no one to feed the people. So to begin with we must pose the question if not about priorities then at least about the equality of the city and the village.

[Golub] Do you mean social and everyday living conditions?

[Vyali] Yes, and first and foremost payment for housing. Whereas in the city most people received apartments free from the state, in the village the cooperative's assets, meaning the money of the kolkhoz farmer, have been invested in each kolkhoz house; let us not even mention individual houses. For this reason my variant proposal is to require payment for all new housing beginning in 1991—both in the city and in the village. Then the state will have money to build schools, houses of culture, outpatient clinics and so forth.

[Golub] It is difficult for me to judge how realistic this path is. After all, in addition to money we need building capacities, material and so forth. But I am talking about something else. In my opinion the city resident is now being assigned, and completely effectively, part of the blame with regard to the village. This is just—it is time to repay old debts. But it could be looked at from another aspect as well—are things all that good in the city? After all, we are criticizing everything—ecology, housing construction, transportation. And can we turn away from industrial development?

[Vyali] Let us look at debt. It is always more difficult to repay a debt than to take a loan. But there is no way to avoid it...As for industry...Did we develop those branches that are needed by the republic? At least those related to agriculture practically do not exist among them.

[Golub] Do you have in mind the processing of agricultural products?

[Vyali] Not only that. Within political economy in agriculture three (sometimes four) spheres can be distinguished—production of the means of production for the village (machines, fertilizer and so forth); agricultural production itself which is related to the land; the processing, storage, stock-piling and sale of ready products; and the fourth—the organization of social and cultural conditions for the three preceding spheres. But for us agriculture means only the second sphere—plowing, sowing and harvesting.

[Golub] It is said that in the U.S. four million farmers produce agricultural products and that 20 million people process them.

[Vyali] That is the way it should be. But we are far from such a ratio. We do not have a network of storehouses or storage facilities and this is why our losses are enormous. Also, the

processing branches of industry have until now been developing contrary to the principle of planning (suffice it to remember that for some reason neighboring Pylva and Vyr built a dairy combine—every region feeds for itself). Processing should be brought as close as possible to the producer. We must return to the abandoned small oil processing plants, smokehouses, storehouses and so forth.

[Golub] Where will we get the equipment for them?

[Vyali] One of the reserves is conversion. Recently I returned from Moscow, where at the VDNKh [Exhibition of Achievements of the National Economy of the USSR] a seminar was held on the means of small mechanization in the village. For example, there are lines for the packaging of carrots and beets; everything shines because it is made of stainless steel. This is the product of defense plants. Incidentally, Dvigatel Plant is doing a great deal for the village in this area—plowshares, cultivator parts and other items which our agricultural technology does not have the power or the blacksmith-press equipment to produce are manufactured here.

[Golub] Since the discussion has moved to technology, I would like to ask this question. Under IME [Self-Managing Estonia] conditions, how possible is an independent agricultural policy within the republic? Can we make do without mixed feed and without new shipments of agricultural technology?

[Vyali] Our enterprise is very closely tied in with the national economy. It will take us about 10 years just to create our own feed base. No matter how we try to adapt to our conditions and to modernize agricultural machinery, we cannot regulate their production in our republic—we do not have our own motors.

But this isn't even the main problem. We must think about creating new business ties with union republics, we must learn to negotiate and study marketing. Here is an example. This year we will not fulfill the plan for meat deliveries by over 10,000 tons. At the same time there was an "outflow" of about this amount of meat outside the republic.

[Golub] Let us say that a farmer or a kolkhoz goes to trade in Pskov. What are we going to do—prohibit, check up on and frighten people again?

[Vyali] No. Actually, horizontal economic ties arise here. They must be developed. We must turn away from vertical ties, from orders—the legacy of the administrative-command system. Incidentally, developed trade ties are important for the implementation of the IME as well.

[Golub] Today in the village the most important and acute problem is considered to be that of new procurement prices. We do not know whether they will be put into effect beginning in the new year and we do not understand why, as before, there remains such a large gap in prices among different regions.

[Vyali] This is unavoidable—the country is large and conditions differ. For all of the Baltic States right now

the price for milk, for example, is completely appropriate—43 kopecks per liter (it used to be 32). Within the republic it is already possible to increase it to 47-48 kopecks from those total assets that we will receive when procurement prices for all products (this is 300 million rubles) are increased.

[Golub] But will we receive them?

[Vyali] That is the question. I personally have the impression that the USSR Supreme Soviet delayed in making a decision, citing various proposals and corrections, and it never did include new procurement prices in next year's budget. For us this means that one-third of the republic's enterprises may become bankrupt this year.

In two hours (the conversation took place on 11 December—editor) I will be flying to Moscow to the Second Congress of USSR People's Deputies, where I want very much to speak and to raise the question of prices. I do not know whether that kind of precedent is possible—to discuss a state budget that has already been approved by the Supreme Soviet. But we cannot remain silent about this. Without an intelligent procurement price policy we cannot deal with agricultural problems either here in the republic or in the country as a whole either.

[Golub] One more question, the last. How do you assess the political situation in the village at present? Do you think it is possible that a peasant party will be created on the basis of the Agricultural Union, which has been discussed for a long time now?

[Vyali] What is actually occurring in the village? There have been many discussions, many disputes, and much unneeded emotionalism. Now everyone has understood that no one is trying to eliminate kolkhozes and sovkhoses, that all forms of management on the land should have equal rights, and the passions have died down.

As for the peasant party...We cannot rule out the possibility that if we have a multi-party system such a party might exist. But in discussing politics in the village we cannot forget about the peasant's good common sense. If we place a splendid program and 10 tons of cement on a balance scale, the peasant will choose the cement. I personally will agree with him. The new procurement prices can become this kind of "cement" now. We must fight for them. We have had enough beautiful promises; it is time to take real steps. If we are not successful in solving this problem in Moscow we will think about how to solve it in the republic.

[Golub] All that is left is to wish you success. Thank you for talking with me.

Pricing, Finance Problems

904B0133B Tallinn SOVETSKAYA ESTONIYA in
Russian 22 Dec 89 p 4

[ETA [Estonian Press Agency] article: "Speech by USSR People's Deputy A. Vyali Sent to the Congress Secretariat"]

[Text] Respected colleagues-deputies! The provision of economic independence to the three Baltic States and their transition as of 1 January 1990 to cost accounting are great political events not only for these republics but for the entire country as well because it means a real beginning in the transition to a new national economy that functions on the basis of economic law. The foundation of our economic perestroika is the principles that have already been generally recognized. Others will learn from our successes and failures while drawing on the best and not repeating our mistakes. The expansion of rights for the republic places on it the burden of enormous responsibilities for the results of management and for the well-being of all of its residents. My speech today is being dictated precisely by this responsibility. The fact is that on the path to cost accounting we naturally come across difficulties, we are forced to clear the obstructions of the command economy, and we encounter an opposition that is deeply interested in maintaining the "status-quo." It is not easy for us to eliminate these problems but we are not complaining. We will work hard, and the diligence and stubbornness of our people and of the residents of our republic are equal to none. Our climate is not very good, the soil is thin and rocky; every grain in the harvest is abundantly watered by the sweat of the farmer.

We would not speak at such a high forum about a problem that affects only our own republic. Although the facts and figures I will present have to do with Estonia, the problem I wish to discuss has to do with the entire country and all economic reform. In the final analysis this is a question of the well-being of the Soviet people, and for village residents it is a question of to be or not to be.

As we know, Stalin's policy consisted of pumping everything possible and more out of the village and of industrializing the country. I will not assess the correctness or incorrectness of the course taken toward industrialization except to say that this brought the village to its knees.

We can say that Estonia was lucky because these processes began there two decades later. Perhaps this is why the productivity of our agriculture is somewhat higher than in many other regions of the country. But it is not at all what it could be under normal economic relations between the city and the village. Unfortunately, perestroika as of yet has not brought radical changes in these relations. While exhibiting a touching concern about the village and the peasant in words, in deeds we continue to destroy agriculture—we keep sawing further on the limb that we are all sitting on.

Let us look at the facts and figures. Everyone is familiar with two circumstances: the prices for machines and equipment, mineral fertilizer, mixed feed, building materials and other items supplied to agriculture are increasing unrestrainedly. Under conditions of a market economy this would automatically mean an increase in prices for agricultural products—the market regulator of equivalent exchange would be in effect. But the fact is

that the procurement prices in effect today for agricultural products were established on 1 January 1983. Profitability is falling in enterprises. During the second 6 months of 1988 alone the increased price of concentrated feeds cost the kolkhozes and sovkhozes of small Estonia 24 million rubles. In 1989 the uncompensated-for increased cost of concentrated feeds will cost almost 74 million rubles. Profitability will decrease by another 5 percent.

Today, as of 1 January 1990, there will be an increase in wholesale prices for diesel fuel and in freight shipment fees, in the size of deductions for social security; there will be increased costs for mixed feeds and food wastes, and the enterprise will have to bear the cost of cultivation operations. In Estonian kolkhozes and sovkhozes as a whole this will amount to a total exceeding 150 million rubles. As a result we will face a production profitability of 12 percent, something that has not happened since the difficult post-war years, and which is 20 percent less than in 1988. I can say that in this case for grains production profitability falls to 4 percent, for beef—to 10 percent; lamb will provide a loss of up to 7 percent, and flax—an entire 13 percent. Things will not be much better for milk and pork, which are our main products, which are so important to the country, and which today offer a productivity level of 1 and 14 percent.

Anyone who thinks about agriculture and its economy in the least understands that under such conditions it is very difficult to speak about expanded production. Moreover, I would like to remind you that as of 1 January we made a transition to cost accounting. Naturally every manager, whether collective or individual, will first assess what the cost will be when planning his business. The situation is now such that a good dozen kolkhozes and sovkhozes in Estonia today do not have the resources to pay people their wages, and if the situation does not change next year over half of the republic's enterprises will be bankrupt.

It seems to us that the brazen cleaning out of the village by industry under the slogan of perestroyka must be halted. The resources that were not earned but rather that were removed by means of a volitional decision must be returned to those to whom they really belong. This can be done now only by increasing procurement prices for agricultural products without delay. Although Mikhail Sergeyevich is trying to persuade us not to use harsh expressions, I will draw upon the authority of Vladimir Ilich Lenin and repeat his words, "Delay is tantamount to death!" This is not hyperbole; Estonian agriculture, and agriculture in many other regions I am sure, is being threatened by economic death in the close embrace of command economics. Not increasing procurement prices until 1991 will be an attempt toward revival with very little chance of success.

The USSR Price Commission together with the gosagroproms [state agro-industrial associations] of union republics has developed a draft resolution of the USSR Council of Ministers on establishing new procurement

prices for agricultural products. Although in the indicated draft resolution not all questions dealing with our republic have been decided positively—for example, procurement prices for milk still remain low (our proposal of 470 rubles per ton compared to the last draft resolution of 430 rubles per ton)—the procurement prices that are being introduced will help to produce agricultural products in the coming year on a level that will provide normal expanded reproduction within the republic.

In the name of agricultural workers, in the name of village workers of the Estonian SSR I ask that the aforementioned resolution of the USSR Council of Ministers be passed immediately (with modifications) and that the procurement prices foreseen in this resolution be introduced as of 1 January 1990 in order to achieve uninterrupted supply of the population with livestock products and their delivery into the all-union fund.

Baron Munchhausen related that he pulled himself out of a swamp by his hair. We do not need hair that we can use to pull ourselves out of the economic swamp; we need normal conditions for the development of agriculture and of the village in general. Among other things this means a profitability level of 35-40 percent, which secures expanded production and a solution to the problems of the infrastructure and social security. At present market mechanisms are not functioning—this must be achieved by means of state regulation.

Due to the fact that we are making a transition to new management conditions we are not asking for privileges and preferential treatment. But a normal minimum is simply essential. We must have a situation in which we do not have the image of being the enemy and in which those who now slam the doors of their offices to us understand that we are striving not toward a one-sided advantage but for a mutual advantage. Equivalent exchange, life according to labor—these are the goals that do not bring losses to anyone.

Unfortunately, we have not yet been successful in developing this kind of system of financial equivalency in mutual relations. The draft budget for 1990 is an example of this. Through the mobilization of all of the economic resources of the republic we were able to increase budgetary income on the territory of the republic by 11 percent. We supposed that this should also increase the income of the republic budget by the same percentage rate. However, the USSR Ministry of Finance decreed otherwise. The draft budget it prepared foresees the distribution of these 11 percent in the following manner: growth in budget income of the republic—1 percent and growth of payments into the union budget—about 100 percent. Unfortunately, these figures were made the foundation of the budget confirmed by the USSR Supreme Soviet. We are firmly convinced that such ratios in financial relations between the federal government and the republics do not stimulate the creative initiative of people. For this reason the ESSR Supreme Soviet resolved to present before the USSR Congress of

People's Deputies the problem of making the needed changes in the Estonian budget.

Nikolay Ivanovich Ryzhkov's speech presents a great program that, it seems to us, will be very difficult to implement. We hope that our work experience in cost accounting will in the near future enable us to make corrections in it that will provide the opportunity to accelerate the implementation of radical economic reform in the country, which will lead us to society with a normally-developing national economy and a standard of living that is worthy of human beings.

Estonian Agricultural Production, Goals Examined

*18150121A Tallinn RAHVA HAAL in Estonian
24 Oct 89 p 1*

[Article by Ilmar Kallas, Chief, Department of Agriculture Estonian CP Central Committee: "Where Do We Go from Here?"]

[Text] **The current crop year can be considered a successful one.** The grain yield was approximately 24.4 centners per hectare in storage weight. This is the second best yield we have had. Even though the drought hurt the potato crop, over 162 centners per hectare were gathered. This covers all needs, including supply quotas. A little more about the latter. There is a view beginning to take hold that with transition to IME [Self-Managing Estonia], we no longer have to fill our contractual obligations for supply quotas. Same goes for the potato quota to Moscow. According to the contracts, we have to ship out 18,500 tons. However, this work is not going well. The price issue went unsettled until September 20. Then the "Glavmosplodo-ovoshthsprom" bases set the price for suppliers at 25 kopeks per kilogram (not 12.5 kopeks), plus customary handling costs. Now, the potatoes are there to be sold, but no railroad cars.

We cannot fill our supply quotas to the Union fund for meat and dairy products. Basic food items are needed to feed the population of our own republic first. For not meeting the quota, however, we'll be receiving less feed grain from the Union fund in the fourth quarter. This, in turn, can cause setbacks in the production, and aggravate the financial and economic situation of the farming units.

Vegetables, too, gave a fairly good yield, close to 190 centners were harvested from a hectare. There are 87,200 hectares under winter grain, 6 percent more than planned. Storage of hay-feed proceeded in a satisfactory manner, and feed reserves are 9 percent higher than those of last year.

Milk production dropped during the first half of the year. The situation improved in the summer. As of October 1, the average yield per each cow milked was 3,273 kilograms of milk or 23 kilograms more than a year ago. The gain was achieved in September. The best 9-month milk yield came from the Paide region (average 3,672 kilograms). That secures their leadership position to the end of the year. Both Harju and Rakvere are running behind

by 150 kilograms. Deserving of praise are cattle raisers from Haapsalu and Vorumaa, who have overtaken such a well-known region as Viljandi, where milk production has been diminishing, unfortunately, even through this year. Milk sales to the state were 3 percent lower than they were a year ago. Sales have decreased everywhere except Paide, Põlva and Hiiumaa. This is due primarily to the decrease in the number of cows (as of October 1, there were 255,800 milking cows in kolkhozes and sovhozes, compared to 264,300 last year).

State quotas to the Central fund for meat and category I sub-products were filled 98.1 percent, 108.1 percent for the rural regions market (a 5,542-ton increase compared to the year before), for milk and dairy products 77.7 and 74.8 percent respectively (the regional market fund was bigger by 9,000 tons, compared to 1988). There were 43,100 tons of meat and meat products sold to the Central fund. The year's quota approved by the Estonian SSR Council of Ministers is 69,000, the amount requested by the Union Council of Ministers 74,000 tons. Sales of milk and milk products have totaled 415,900 tons (Union requirement 555,000, approved by us 500,000 tons).

Attitudes regarding rural development and possible solutions to rural problems are not about to change easily. **Would you call it an equal partnership when coupon allowances for soap and detergents given to rural residents are several times smaller than those given to urban dwellers?**

Over the last few months, many different opinions, oftentimes extreme positions, have been presented on **the future development of agriculture in Estonia** by different movements, trade unions, groups and individuals (including the notion that, beginning January 1, 1990, all kolkhozes-sovhozes be abolished with land reform, and the land distributed to those who want it). This creates uncertainty, lack of knowledge about the future. The absence of a firm position has a negative effect on the mood, and on the production.

As far as can be remembered, there has been a total of nine land reforms within the present territory of Estonia. The first one started with the attempt to abolish slavery in 1816. More significant was Stolopin's reform, from 1906 to 1917, when land selling for ownership began, and land as a societal resource became private property. With the land law passed by the Founding Council on 10 October, 1919 "the state expropriated and assumed title to all military, feudal, farm bank and parish estates, lands without owners, and lands on the other side of Petseri and Narova, adding up to 2,374,526 hectares." With the land reform, 78,136 units were formed. (UUS TALU [New Farm], No. 11, 1929).

In his message to the people of the Estonian Republic, on 24 February, 1928, K. Pats states: "In essence, the big land reform has been carried out. The implementation was not without difficulties. It did inflict a few wounds, but it opened up opportunities for a better life to thousands."

The problems between the state and the farmer have always been there. J. Hunerson, one of the best known agronomists of his day, wrote in POLLUMEEES [Farmer], No. 5, 1928: "With state pressure and compulsion it is possible to impede, but not to encourage progress in agriculture ... When the state, through its regulations and wage-oriented officials, starts directing the farmer on his farm, the owner with initiative will disappear, the work and its results will suffer... The conditions leading to progress in agriculture are created by the farmer himself."

Obviously, these principles are valid to this day. **Farmers themselves will have to decide which forms of ownership or production will become prevalent in the country.**

At the base of all agricultural production is land, the administration of which is turned over to self-government. The latter will decide to whose permanent use the land and the natural resources thereon should be given. Be they shared farming units, associations, cooperatives or farms. It's time, indeed, to rename the foreign-sounding yet by now familiar kolkhozes and sovhozes and call them production cooperatives, either people-owned or state-owned or people's enterprises. Of course, it's more than a matter of name change. These commonly owned farming units will have to be changed in the way they function. The possibilities are far from exhausted.

Where, then, do we stand with land reform? I think there's no need to invalidate the present acts of land use. Land reform should be carried out gradually. Agricultural legislation will be passed, and the administrative reform carried out. Yet this year, or by 1990 at the latest, the following laws should be passed: land law, farm law, regulation of land law, land rent law, real estate law and the use of land law. In addition to these, we'll also need a people's enterprise law, state enterprise law, cooperative enterprise law, and a joint-stock company law. With the farm law, joint-stock company law and other legal measures regulating enterprise, equal economic opportunity will be created for all forms of ownership, bringing about the ownership reform: the taxation reform will also have to occur as part of the IME [Self-Managing Estonia] program. The taxation law will establish uniform criteria for taxing the agricultural producers. The price reform (based on the law of formulating prices) will have to streamline the prices of agricultural production, and guarantee an equitable exchange between the agricultural, industrial and service sectors.

Similarly, within the coming years, we'll have to guarantee a normal cooperation, based on mutual economic interests, between agricultural producers, manufacturing industry and service personnel by applying the principles of associations or joint-stock companies. By a decree of the republic's government, at least some of the assets of the industry and the service sector could be transferred, at no cost, to help with the formation of alliances of agricultural producers (associations, joint-stock companies, public enterprises and such) on a cooperative basis.

Why can't we switch to a massive start of new farms as part of the land reform? There are several reasons for that. Recently, I had a chat with Jüri Liivak from Raasiku who, in the 30's, was one of the best known farmers in Harjumaa. The production of the farm was also known abroad. The injustice done to this man can probably never be redressed. He said honestly that there is no longer any prestige in being a farmer (let alone a farm owner), it has disappeared. It takes one-to-two generations to restore that. One has to agree with an experienced man.

In 1939, there were 1.13 inhabitants in Estonia. Out of that number 660,000 were actively working. Based on T. Kint's data (POLLUMAJANDUS [Agriculture], No. 31, 1939) 67 percent of these or 466,000 worked on farms, hence at least three able-bodied people per farm. Now there are approximately 124,000 people working in the kolkhozes and sovhozes, 45,000 of them directly as workers. It is certain that not all of them will become farmers. To whom should we distribute all of the land right now? The land reform of today cannot be a disruptive and destructive undertaking, but a long-term, gradual process. Estonian farms have been there for generations. We will have to strive for that again, within the possibilities of reality.

Recently, the Farmers League of Vorumaa turned to the Central authorities with a request to help them acquire some equipment. As an example, the request calls for 84 T-40AM tractors, and 68 T-25A tractors. In 1988, the whole republic received 400 and 290 of these tractors respectively. Also on order were 97 rotary potato pickers (625 were received). These requests were justified, without equipment you cannot run a farm.

Many of the people interested in farming say that new farms can be started only if the large farming units remain, because it would be impossible to make it without their help and support. The women complain that they have been used to living in a collective, interacting with other people, and participating in communal events. Obviously, it will be correct to solve the farm problem with deliberation and balance. We cannot go from one extreme to the other, or else we'll face starvation in Estonia.

LaSSR Gosagroprom Chairman on Baltic Economic Independence in Agriculture

904B0080A Moscow SELSKAYA ZHIZN in Russian
13 Dec 89 p 3

[Interview with V.F. Rymashevskiy, chairman of Gosagroprom for the Latvian SSR, by SELSKAYA ZHIZN correspondent A. Timkov: "Perestroyka: The Time for Practical Change"]

[Text]

[Timkov] Vladimir Frantsevich, the movement towards republic cost accounting was preceded by substantial changes in agriculture. Operational experience has been accumulated under conditions involving self-financing

and self-recoupment. The agricultural firms and combines are becoming independent. The number of private peasant farms is increasing rapidly. In short, it is possible now to discuss seriously pre-start preparations. Thus, what grade can be assigned to the republic's efforts to raise itself to the next higher level of management?

[Rymashevskiy] Since we are discussing previous history, it is useful to recall that the desire for economic independence was conditioned not by separatist tendencies but rather by the critical condition of the national economy and by large-scale ecological and demographic problems. The people of this small republic, as a result of the dictates of all-union departments, which brought about severe contamination of nature and a sharp depletion of their fishing reserves, have truly sensed a threat to their existence. Thus the question is one of having a sole master for their land, one who will display concern for the purity of the Gulf of Riga, which attracts vacationers from all ends of the country, for the preservation of our forests and reservoirs and, naturally, for proper nourishment.

The previous search for forms and methods for administering the agro-industrial complex, although it did not produce positive results, cannot be considered as useless. In what manner did the aktiv profit? First of all there was the fact that economic independence advanced a business-like attitude and enterprise into the foreground. Farms and enterprises of the republic's APK [agro-industrial complex] are completing the year with greater profits. Increases were recorded in the yields of grain, potatoes, fodder root crops and sugar beets. The food industry workers surpassed their level for the previous year for the production of goods. A new initiative came into being throughout the republic in self-support in the form of food goods. Today it is a rare farm that is not engaged in the processing of products in one form or another or with the development of auxiliary production operations. Meat, dairy, confectionery products, vegetable and fruit canned goods, ice cream, bread and soft drinks are being made available for our consumers.

It must be recognized in a self-critical manner that independence is not always accompanied by responsibility. Some farm collectives, after having been granted a certain amount of freedom, chose to follow the path of least resistance. They reduced their numbers of livestock and their production of potatoes and vegetables. As a result, the republic did not realize any forward progress in its meat and dairy animal husbandry operations.

[Timkov] You yourself traveled the path which led to a discussion of troublesome points. Let us travel somewhat further along this path. The counters of food and vegetable stores have not improved. What is the explanation for this?

[Rymashevskiy] There are chronic reasons. In order to have more products, a village must be supplied with all that is needed. We still do not recognize the fact that a peasant no longer believes in appeals and promises, but rather he is waiting for respect to be shown to him and thus

it is difficult for him to expect an abundance of products. A village will furnish milk, meat and vegetables, but upon the condition of an equivalent exchange for good equipment, construction materials and mixed feed. It should be borne in mind that villagers must not be expected to live under worse conditions than those of city-dwellers.

A second aspect. The administrative-command system is presently revealing that we still do not have economic levers. And it is naive to think that under cost accounting peasants will grow unprofitable or low-profitability crops. For example, crops such as potatoes and vegetables. We are employing an ostrich tactic and failing to recognize reality. But would it not really be more profitable to purchase these same potatoes in the GDR or Poland? At a normal price, our peasants can satisfy our internal requirements with interest. But the economic laws are being ignored with a persistence worthy of their best use. It is miserly to have to pay twice—such is the case with foreign products.

This is why the republic requires economic independence. Taking into account local peculiarities, it will then be possible to establish prices which will be profitable for the producer and which will encourage him to grow potatoes, cucumbers, carrots and not flowers. It is impossible to do this from the center. For we would then have an unprecedented harvest in one area of the country and a crop failure in another area.

[Timkov] This is all very true. But there are times when everything is not dependent upon the prices. A directly paradoxical situation has developed within the republic. On the one hand, the inhabitants of villages are being deluged with appeals to furnish more milk and meat. But we must listen to them regarding the difficulties that arise in connection with the marketing of livestock and poultry. From time to time, the meat combines postpone the acceptance schedules. A producer sustains losses. Thus, would it not be better to increase capabilities in the area of processing?

[Rymashevskiy] Correct. Our processing is still a most vulnerable element. We are alarmed especially by our meat combines. Certainly, we are not sitting idly twiddling our thumbs. But our opportunities are limited. We are aware of our country's processing situation and the difficulties being encountered in the area of equipment. However, today nobody beyond the authority of a chairman or director has the resources for building a small smokehouse or sausage shop or for launching a trade in such products on his farm or in the rayon center. It bears mentioning that this method was employed by the Druva Kolkhoz in Saldusskiy Rayon, the Sarkanays Obtobris Agricultural Firm in Preylskiy Rayon and by other farms. Their addition to the overall dining table this year is in the neighborhood of 5,000 tons of sausage products and smoked foods.

Such an approach is useful in every sense: livestock need not be transported over dozens of kilometers and there is no longer a need for requesting funds from the ispolkom

[executive committee] for meat products. Finally, the product reaches the consumer directly, by-passing the intermediaries and extended storage.

Obviously, we do not favor a situation which calls for each farmer to build a slaughtering house or processing shop. The meat combines will remain, but they will no longer be monopolists. Instead, jointly with small enterprises, they will form a well equipped processing branch.

This year the Saldus and Yekabpils meat combines are undergoing thorough modernization and the Rezekne Meat Combine is under construction. The first two belong to an agricultural firm which is undergoing restoration. In Yekabpils, where a meat combine has become a component part of the Daugava Agricultural Firm, the work is being carried out with the aid of Yugoslavian specialists.

[Timkov] It appears that the participation of foreign firms in the expansion and modernization of processing enterprises is becoming a mass phenomenon. What is the basis for these foreign economic relationships? Indeed, our ruble is still not convertible?

[Rymashevskiy] It must be confessed that as yet only the initial steps are being undertaken. It was not too long ago that our enterprises obtained the right to carry out transactions with foreign partners. The interested parties are themselves searching for mutually advantageous methods for collaboration. Truly, as yet we are still not business-like partners and our work is being affected by a lack of experience and the existence of prohibitions and restrictions. But experience is something that will come with time, but the obstacles must be removed. For example, there is no logic behind the prohibition of the USSR Council of Ministers against supplying timber to foreign countries. Our western neighbors are prepared to provide us in exchange with non-standard lumber of low-value strains which, up until now and for land reclamation purposes, were either burned or allowed to rot in artificially stacked piles. The union ministries hold strictly to the old stereotypes, delaying the presentation of independence to the republics. But we must not be counted among those people who perform to the detriment of national interests.

[Timkov] Since we have discussed with you the shortage of equipment for processing enterprises, we must also touch upon another distressing economic problem—construction materials. Special concern is being registered in the villages over the acute shortage in construction materials.

[Rymashevskiy] This is quite true. Construction materials have been converted into an exchange currency, particularly slate, cement and metal. The funds for these are allocated to the republic from the center. And it is now four years in a row that these funds have been reduced with enviable consistency. The requirements for them are being satisfied by only one half. As a result, the livestock farms remain in a state of disrepair and this is

resulting in a reduction in the numbers of livestock and in the poor construction of housing and social installations.

In essence, this same practice is continuing within the same gates. The village supplies the food products and then must pay an exorbitant price for them. Naturally, the rural areas cannot tolerate such a fate.

Our villagers are investing their money in expanding the Brotseny Cement-Slate Combine. For this we will receive a portion of the slate due us. We are continuing to increase the production of brick and wall panels. We intend to purchase abroad the equipment needed for producing tiles, which traditionally are used in construction for the purpose of adding a unique appearance to buildings. An agreement has already been reached in this regard. How will we settle accounts with our partners? This is a commercial secret. You journalists must become accustomed to its existence.

We are increasing the production of brick, wall panels and carpentry products using our own resources. Our farms are gradually acquiring construction equipment in exchange for products produced in our own departments. This represents a substantial channel for the withdrawal of products from the republic. But what can be done? We have no choice.

[Timkov] Obviously, these represent the rudiments of equivalent exchange, which constitutes the basis for cost accounting. True, we find much spontaneity here. Nevertheless, we must direct the logistical support for a village into a well organized channel, one which makes it possible for the farms and farmers to acquire all that is needed.

[Rymashevskiy] Such a process has commenced. More than 70 types of machines and items of equipment are already in production at enterprises and workshops of Selkhoztekhnika. The plants of agricultural machine building have joined in carrying out this work. Certainly, the demand for equipment that is suitable for our soil-climatic conditions is considerably greater than what we expected. For many of the types of machines used in our country are generally not being produced, for example, types used for the mechanized cultivation of vegetable crops or for harvesting fruit and berries.

Once again we must look to the West. A cooperative with contacts with foreign firms has been organized at a Baltic machine testing station. These firms send models of their machines for testing. Upon the completion of testing and having obtained the trust of our peasants, this equipment with the passage of time will be produced at joint enterprises.

[Timkov] I assume that the program aimed at providing the villages with modern equipment and which will be of assistance in producing more food products is expected to continue for an extended period of time into the future. Certain fiery individuals throughout the republic and country are proposing a more rapid method. They

favor dissolving the kolkhozes and sovkhoses and dismissing the "red barons"—the leaders—and distributing the land to the peasants. They believe that such action will eliminate the food shortage once and for all. Many sharp words are being directed towards the agroprom [agro-industrial committee].

[Rymashevskiy] It is not my intention to defend the honor of the regiment. But the entire problem has to do with the fact that each individual passes himself off as an expert in the area of agriculture. Idealization of the republic's past is not the best means for developing its future fate. Prior to the war there were more than 240,000 farmsteads in Latvia. Today approximately 10,000 of them remain—I have in mind those with decent structures or buildings.

At the present time, with the Law Governing the Development of Private Peasant Farms in operation throughout the republic, a revival of the farmsteads has commenced. Approximately 3,000 farmers have been issued documents attesting to their use of land in perpetuity, with the right to hand such land down to their heirs. But as yet a contribution by them towards supplying the population with food products is not being felt. They have been assigned less than one percent of the country's arable and agricultural land.

Thus, regardless of whether or not it pleases anyone, the kolkhozes and sovkhoses continue to be the principal producers of agricultural products. It must not be forgotten that many of them have created fine social-domestic and production conditions for their people.

And the people at such farms are in no hurry to acquire a private plot, since they are realizing greater advantages from their collective and organized labor than they would if working on an individual basis.

The kolkhozes and sovkhoses have not exhausted their potential. In presenting them with broad independence, the republic's government is by no means attempting to suppress the cooperative farming movement. The various managerial forms have equal rights. By competing among themselves, they assist the people in making their final choice.

It must be borne in mind that the new owners simply would not be able to manage in the absence of support from the kolkhozes and sovkhoses.

Naturally, we are not placing obstacles in the path of such collaboration. We do not view it as a crime if a kolkhoz or sovkhos, gradually and with no urging from without, is broken up into small plots and transformed into an association or cooperative of individual producers. This right is retained by kolkhoz members and workers. We now have public farms in which each individual has his own property and labor share that increases annually.

Our agriculture has undergone many and varied changes. We are all familiar with the results of these changes. It would be wrong to impose the next campaign upon the peasants. We are giving them land and the freedom to make decisions. Cost accounting and market relationships, in the manner of litmus paper, highlights the type of agricultural production that will be most effective.

POLICY, ORGANIZATION

Serov: Construction Planning Must Meet Social Needs

904C0004A Moscow PRAVITELSTVENNYY
VESTNIK in Russian No 3, Jan 90 p 8

[Article by V. M. Serov, USSR Gosstroy Chairman:
"It's Not Just the Number of Square Meters..."]

[Text] If you will look around, then throughout the whole country—in cities of millions and in workers' settlements, in industrial centers and in far-off villages—you will see amorphous "spots" of new housing development which, like a foreign body, have invaded the landscape and the living tissue of historic cities, dominating everything created by nature and our forefathers.

Very often the peculiarities of the domestic life of the various nationalities and the natural climatic conditions of the various areas are not considered in the looks of apartment houses and public buildings, because of the unthinking copying of them. The architectural plane of most industrial buildings and structures is intolerably low. The provisioning of public services and amenities, the planting of trees and shrubbery, and the artistic configuring of housing rayons are in a neglected state.

The monotony and lack of expression of buildings are aggravated by negative phenomena in the area of urban planning. Hypertrophied and, in some cases, distorted growth of large cities occurs because of distortions in the policy of developing and siting production forces and a complete disregard for the material base of the social sphere and for problems of the ecology, the conservation of natural resources, and the preservation of historic and cultural monuments.

Extensiveness in the orientation of economic development has led to the creation of a large number of new cities and settlements in regions from which we get our raw materials and which have complicated environmental and climatic conditions. The priority given to creating production capacity has occasioned a one-sided approach to such construction. Everything that touches the people's living conditions has been postponed for the future. Over time, social tensions have increased the pressures and intensified the problems there. Cities of the Kuzbass [Kuznetsk Coal Basin] are a graphic example of this.

In brief, the appearance of many of our cities and communities testifies that architecture is in a critical state. The drop in the prestige of the architect's work has come into contradiction with society's rising social requirements. And today there can be no doubt that a restructuring of all the country's architectural and urban-development affairs is necessary. The architects themselves should be more actively engaged in this, in my view.

I recall that in 1987 the CPSU Central Committee and USSR Council of Ministers Decree, "The Further Development of Social Architecture and Urban Development," was adopted. In accordance therewith, design was decentralized, and the rights of chief architects in solving problems of the layout and buildup of communities and regions and in determining architectural solutions for buildings and structures being designed were expanded. A number of standardizing restrictions that hampered the creative initiative of architects were lifted.

Certain changes are evident, but overall progress in the restructuring cannot be called satisfying. In many regions everything remains as it was before. Decisions on improving management are being implemented but slowly. Some Union-republic councils of ministers and many ispolkoms of soviets of people's deputies have not attached the proper significance to realizing the decree named. How else can one explain those cases where, in restructuring managerial structures, rayon architects, gosarkhstroykontrol [State Surveillance of Architecture and Construction] inspectors, and other specialists have been fired? And the remaining ones have been passive, have played a waiting game, and here and there have even departed from fundamental policies. As a result, the influence of architectural and urban-development organs among investment-process participants and broad sectors of society has suffered.

The work standard of urban-development and architectural councils has fallen. The existing system for expert advice does not support a highly-qualified assessment of the architectural quality of the designs. The public is not involved very much in decisionmaking. Union-republic control organs, under Goskomarkhitektura [State Committee for Architecture and Urban Development] still have not worked out stable professional ties and effective methods for interaction among the various elements in regard to the most important problems of architecture and construction work.

Under present conditions, when the necessary rights to determine the directions of regional socio-economic development have been transferred to local authorities, the chief architects of krays, oblasts, cities and rayons, and the directors of design and scientific-research organizations and of architectural-and-urban-development organs have not been displaying the proper initiative in regulating the development of communities and in developing integrated programs for the construction of housing and cultural and personal-services facilities.

The individual design of apartment houses and public buildings that takes local peculiarities and nationality traditions into account is being developed but slowly. Examples of low-rise compact buildups are rare, and the inventory of designs of cooperative and individual housing is extremely scanty. Little attention is being paid to the integrated rebuilding of the districts of existing buildups, the forming of and amenities support for

industrial areas and the lands adjacent to them, and the development of landscaping architecture and of city design.

The invigoration of design activity in the country in recent years—an increase in the amounts and a rise in the prices of the design product and expansion of the Arkhproyektov network and design cooperatives, and an increase in designers' salaries—unfortunately has not led to an adequate rise in design quality and the creation of original three-dimensional layout and configurational solutions. On the contrary it has provoked a number of negative processes.

Designers and architects often avoid the solution of complicated professional tasks. For example, the development of individual designs for buildings and structures, the creation of architectural groupings, and the comprehensive rebuilding of areas developed in historical eras.

However, probably the main obstacle to restructuring architecture and urban development still, as before, is an absence of the architect's rights in his mutual relations with the client, the contractor, local soviets, and, what is more, design organizations.

I shall quote an excerpt from a document of the Korolev Institute of British Architects: "The main professional responsibility of the architect is that he should carry out the functions of client's consultant and, moreover, supervise implementation of the construction contract between the client and the contractor."

As an analysis of the practice of recent years indicates, quality breakthroughs are provided only where a businesslike, creative atmosphere has been created in the sphere of activity of architectural and urban-development organs, clients, and design and construction organizations. The architect should be in charge of this work, and the supervisory personnel of local soviets of people's deputies and all organizations that take part in the investment process must extend him the widest support in the implementation of ideas and designs.

We should not allow opposition, and even more so fights, between architects and builders. One must proceed from the principle that the architect creates a model of his product and incorporates in it the content of an idea, and the builder, in executing the architect's will, finds optimal paths for achieving this purpose from the point of view of economy and feasibility of the construction. Only a union, and unity, of the architect and the builder will enable the desired results to be attained.

One must distinguish with preciseness the work of the architect from that of the designer. In considering the specifics and creative nature of the architect's work, one must examine from this standpoint the status of the originator's rights, consultant review of the design, and the procedure for paying for the architect's work without linking it with the rates that are in effect for design organizations. Indeed, this was called for back in the

CPSU Central Committee and USSR Council of Ministers Decree of 19 September 1987.

Today one must go more boldly into the development of various ways of organizing the creative work of architects and must create architectural bureaus and studios, not just in state organizations but also independent ones for hire for creative activity.

With increase in the number of such bureaus and the rise of individual workmanship by architects, that necessary competition that becomes a constant stimulus for raising the quality of architectural solutions and for accelerating design work will arise. A market for the architectural and design product will arise in practice.

This problem is fairly subtle, it can be solved by the volunteer path, and it requires attentive study that will take into account the existing work experience of the Arkhproyektovs, the creative workmanship of the Union of Architects and design cooperatives, and the general status of design affairs in each specific design-and-construction organization. In order that all this work may be done on a precise and legal basis, the development of recommendations for improving legislation in the area of the originator's rights, for protecting the architect's intellectual property, for designating precisely the sphere of his obligations, and for granting him completely the rights needed for carrying out his activity must be undertaken.

One must give thought to replacing currently existing standards that restrain the creative initiative of architects (having in mind a product on a par with international norms and standards) and to changing the procedure for the mandatory coordination of designs with the contracting organizations. All the terms for mutual relationships should be defined by the contract.

I think that these measures and the fact that what has already been done in the field of expanding the rights and raising the motivation of architects for the final results of their work will enable their activity to be invigorated and its effectiveness to be raised.

Why are our discussions of architecture and urban development so strongly intensified today? With what do we correlate such an approach to the solution of the problems that face us? First of all, with the necessity for making good-quality changes, despite the great sluggishness of the process. During the 13th Five-Year Plan, as is known, the introduction of 900 million square meters of housing has been planned. The plan mentions not just square meters, or even a collection of individual apartments, but also urban-development complexes that meet all the demands of soviet man. In other words, the first years of the 13th Five-Year Plan for the construction of housing should be filled with a specific content of architectural and urban-development activity.

High demands on architecture and urban development, where consideration is given to the prescribed degree to

nationality traditions and peculiarities, should accompany the housing programs of the various republics and regions that are being developed. It has been ascertained that republic housing programs have been developed without the wide participation of the architectural community. The example of Armenia, where all the best forces were involved in an extraordinary situation, testifies graphically to the complexity and labor intensiveness of this process. And even for one republic, the observance of nationality traditions and peculiarities under these conditions required both knowledge and skill, and, what is more, substantial resources for building housing.

We are proceeding from the firm conviction that basically the Zhilishche-2000 programs are republic housing programs, which are combined at the Union level only by common methodological approaches to the forming of goals and initial parameters.

When refining republic programs, the principles of social justice, particularly a definite standard of housing availability for the population groups that are most needy and poorly protected socially, must be implemented on the basis of the existing and planned resource and economic potential of the various republics, regions, and cities and town and the level of housing availability they have achieved, and the opportunity to have housing conditions higher than the standard must be provided for the part of the population that has invested personal funds and their own efforts into housing construction.

The main approaches to practical architectural and urban-development problems must be defined for successful construction of the necessary amounts of housing

and other facilities of the social sphere. In considering the diversity of the specific conditions of our activity, this should not be a prescription for all cases in practice, as happened previously. Probably the guidance can be, "The Main Directions for Developing Architecture and Urban Development in the USSR," which embraces all investment activity, with, of course, consideration of the concept of the State Housing Policy of the USSR up to the Year 2000.

In order to have excellent architecture on a large scale, individuality and talent are needed on a scale much larger than today's. And there are already the problems of architectural and urban-development personnel and the forming of scientific schools and schools of the architectural art. The state committees for architecture and public education must accelerate the opening of the Central Interagency Institute for Raising the Qualifications of Architects, under MARKhI [Moscow Architectural Institute], and the Union-republic councils of ministers must take steps to create the equipment-and-supply base for republic centers for raising qualifications. Republic organs must be more active in establishing businesslike mutual relations with leading foreign architectural organizations and companies for the purpose of on-the-job training of students and young specialists, and in organizing other types of study of modern architectural and urban-development practice and experiment in design work.

The great architect I. Zholtovskiy said that there are no young architects. Maybe this is so. But the truth is that those who reliably take up the baton and personify the ideals of their fine profession will come to replace the current generation of architects.

FOOD PROCESSING, DISTRIBUTION**West German Food Shipments Expected***18200490 Moscow TRUD in Russian 24 Feb 90 p 4*

[Unattributed article: "Made in the FRG"]

[Text] When will we see in the stores food products from the FRG that were announced on television? (G. Pressov, Voronezh)

As chairman of the foreign trade organization "Prodnitorg" A. Krivenko announced, during the course of the next two or three months we expect to receive from the FRG 52,000 tons of pork, 50,000 tons of beef, 20,000 tons of butter, 15,000 tons of dry milk for the production of milk products, 5,000 tons of cheese, and 2,000 tons of canned stewed beef.

At the USSR Ministry of Trade we found out that the interests of all the republics will be considered in the distribution of these products. However, it is too early to talk about specific regions, oblasts, towns, and the price of products, since they have not yet been shipped.

From the editor: As has happened more than once before, it is completely possible that we will not see produce from the FRG even in three months, since problems with transportation have already arisen.

Latvian Agricultural Enterprises Engage in Retail Food Trade*904B0111A Moscow VESTNIK AGROPROMA in Russian No 52, 22 Dec 89 p 2*

[Article by A. Timkov, Latvian SSR: "Commerce"]

[Text] Many kolkhozes (collective farms), sovkhoses (state farms), and agricultural companies of Latvia are mastering commerce. Its volume is increasing, and the role of farms in furnishing good-quality foodstuffs for the populace is on the rise.

The Zemite store-cafe situated in a busy location in the rayon seat of Saldus stands out noticeably among similar retail outlets, and not just because of the design of its shop windows, the interior in the Latvian national style, and the assortment of goods for sale, but also due to its affiliation. It is owned by the Druva kolkhoz rather than a customary retail trade organization.

The history of its emergence may be typical for the initial years of perestroyka. Chairman of the kolkhoz Yanis Rubulis, by now a retiree, started thinking at one point about the evident inequality in services to the urban dwellers and kolkhoz members: the former have restaurants, cafes serving ice cream, various fancy breads, tea, and coffee at their disposal, whereas the latter only have the mandatory or, as it is more frequently called, humiliating assortment minimum of goods in the shops of

consumer cooperatives. The head of the farm resolved to eliminate this injustice, at least with regard to his kolkhoz members.

He shared his reflections with members of the board, fellow villagers, and gained their support. Soon the farm got its own bakery, a small cafe, and a club. To be sure, ice cream, a popular delicacy, was served there only from time to time. Ice cream could only be brought from the city because there was no equipment for making it locally. However, in the city, as well, the demand for ice cream exceeded supply.

However, the enterprising farm managers, having embarked on the endeavor once, decided not to leave it incomplete. They decided to set up an ice cream production shop along with a fruit and vegetable canning shop already in existence at the farm. Kolkhoz procurement officials looked for equipment while construction workers erected the premises. They visited Riga, Leningrad, and Moscow. Only Rubulis and his deputy Ayvar Kaptenis know how they were able to get the equipment, albeit not new, but in quite good repair. Specialists for the new production facilities were also found: several former urban dwellers were attracted by good earnings, apartments with improved floor plans, and other advantages of well-established country living.

Turning out the first batches of ice cream became a real holiday in the village, particularly for children. They were treated to chocolate and plain ice cream with various preserves and jams which kolkhoz procurement officials purchased in the south of our country. It is possible, however, that they did not purchase them but traded them for something—they do not divulge all commercial secrets in the kolkhoz.

However, no matter how tasty the ice cream was it was beyond those in the kolkhoz with a sweet tooth to eat all of its daily output amounting to almost a ton. The surplus had to be sold elsewhere. State retail enterprises in Saldus agreed to sell it in the city but only with a 20-percent markup on the price.

Rubulis was indignant: "We did not build the plant in order to profiteer at the expense of children." This is when the concept of setting up their own retail outlet in the city was born. In the city executive committee, they looked at this concept with favor, but they threw up their hands: "We would be glad to help you, but suitable premises are not available." However, Rubulis apparently anticipated this turn of events, and he answered: "We are not asking for existing premises. We have located right here, in the center, a semi-collapsed house with a strong foundation. The kolkhoz will repair it and open a shop." The transaction was consummated.

Fruit, vegetable, and flower departments occupy the first floor of the renovated building. The shelves are piled up with various canned goods manufactured not only at the Druva but also at other farms of Latvia. Powdered drinks made of dehydrated natural juices are on display here. They are produced and delivered to the shop by the

agricultural company Uzvara from Bauskiy Rayon and the inter-kolkhoz enterprise Piltene located in the vicinity of Ventspils. The agricultural companies Adazhi, Sarkanays Oktobris, and Daugava furnish potato chips, canned green peas, and candy.

Recently, a meat section appeared in the shop. It sells smoked meat loaf, brisket, and sausage. One may taste little links of sausage made from moose and wild boar meat during the hunting season. Kolkhoz hunters procure it in the local woods, and people from other places who deliver it are not turned down.

On the second floor, there is a small cafe which is as cozy as a family dwelling. There is no dearth of customers. Those who come to the rayon seat on various business from the entire rayon come in here to have a snack: they cannot fail to notice Zemite shop windows when they get off the bus or walk to the bus terminal. Employees of many offices prefer to eat their lunch here because compared to public catering the standard of services is better by an order of magnitude and the quality of the dishes and their selection cannot be matched by the main competitor as of now. Various ethnic foods are also cooked at the cafe from meat. Also, no other cafe in the city can offer such a choice of ice cream. On days off or solemn dates, family holidays are celebrated here.

Not so long ago, the commercial initiative of the Druva kolkhoz could have been punished. It is another matter now. It is supported and encouraged by all echelons. How could it be otherwise when the farm receives over 2 million rubles a year from the sale of its products? Who would fill the local market and claim the money earned by people if there were no auxiliary enterprises at the kolkhoz? Nobody. The money would either end up in the mattress or be added to the accounts in the savings bank pushing the rate of inflation still higher.

Meeting customer demand is not the only point. Having acquired its own processing industry which employs about 100 people, and even more during the summer season, the kolkhoz solved the bride problem which became acute at one point. Having graduated, the girls in recent years have settled in the city which is nearby. The boys have also moved there as time went by. The kolkhoz may be progressive and known all over the republic, but the work day there is longer than in the city. Nor is it possible for the kolkhoz members to think of a summer vacation. On the other hand, the Druva now has a multitude of urban professions—technicians, confectioners, packers, controllers, laboratory assistants.

The products they manufacture are known not only in Latvia but outside it as well. For example, ice cream is delivered to almost one-half of rural rayons with a commercial mark-up of 3 percent only. Jams, juices, all kinds of pickles, and salads are also sold far from the borders of Latvia. The planning organs attempted to put an end to the independence of the kolkhoz in the sales of its products and to assign permanent consumers to it. However, Rubulis rebuffed these designs on his freedom

of actions with his characteristic decisiveness, and not at all because he wanted to, but because life dictates so. Nobody gives the collective farm guaranteed supplies of equipment, spare parts, and metal. Therefore, it engages in mutually advantageous trades. Not much hope is attached to the Gosagroprom (State Agroindustrial Committee), nor can the Gosplan (State Planning Committee) be helpful on many occasions. Meanwhile, trades of the "so and so for so and so" kind are efficient. The kolkhoz processing industry keeps operating somehow, not in keeping with modern technologies.

Sometimes, they criticize the farm for setting higher prices than the state. However, the quality is appreciably higher too, and the assortment is richer. For example, cherry compote is next to impossible to find in state retail outlets whereas the kolkhoz puts it on the store shelves; the same is the case with honey and flower pollen. In general, at the Druva they try not to get rich at the expense of the common buyer. The profits from commerce are minimal here. At the farm, they would be glad to reduce prices. However, expenditures for maintaining the equipment and purchasing the lacking kinds of raw materials are in store for them. Nor can the salaries of the plant employees be cut.

The agroprom [State Agroindustrial Committee] retail trade trickles in like a creek and complements the state and consumer cooperative retail trade. However, as they say, every monastery has its own rules, its own charter. As a rule, state retail stores look better on the outside but lose the contest in terms of the assortment and quality of goods. The facilities of consumer cooperatives look better than those of the agroprom. For example, the shops and stands of kolkhozes, sovkhazes, and agricultural companies in Riga have taken residence in basements and ground floors on quiet small streets. It is not easy for the customer to figure out this commercial maze with different prices and standard of services.

Despite the degree of independence in selecting suppliers and changing prices which distinguishes these three kinds of retail trade, there is also a common problem—lack of space. All of them complain in unison about their tight and poorly adapted space. At the same time, the shelves of these stores are not necessarily filled with goods. Therefore, would it not be more reasonable to use the already available stores rather than build new ones?

Unfortunately, departmental estrangement and various instructions and rules in effect interfere with this. The interests of all may be reconciled by using mutually advantageous forms of cooperation. However, thus far nobody has been working on establishing them in the republic. The customers suffer due to this.

About one kolkhoz or sovkhaz in three in Latvia now engages in processing vegetables and fruits, manufacturing confectioneries, sausage, smoked foods, candy, baking bread, turning out apiary products and soft drinks. This is complemented by interfarm enterprises. They produce most varied goods worth millions of rubles

annually. Having originated on the farms adjacent to the capital of the republic and major cities, processing has also spread to remote areas and embraced all rayons of the Latvian SSR. Putting elements together, the disjointed facilities formed an industry which is beginning to compete with the food-processing industry and is capable of bringing considerable variety to the diet of the populace, especially in rayon seats and small settlements.

Nobody denies that it is needed and useful, at least not openly. This is all, however. The commercial sector remains half-recognized at present, just as was the case before, when processing and auxiliary industries were considered to interfere with the main occupation of the peasants. It is considered to be an appendage of sorts which they do not chop off but do not pamper either.

Our poverty notwithstanding, the food-processing industry still receives centralized allocations of equipment. Meanwhile, their colleagues from kolkhozes and sovkhoses are forced to piece equipment together bit by bit. The credit for the plants still running and not falling apart goes to the enthusiasts who care for the assets. Year after year, large quantities of the assets perished causing losses to the farms. The plants made it possible to reduce the losses of, for example, cucumbers which are abundant in summer in a good year but are in short supply in early fall. Cucumbers pickled in barrels, home-style and packed in jars find their way to our table now.

These plants help out individual fruit and vegetable gardeners by taking in some of their harvest for processing. They give the farms a real opportunity to counteract the increasingly wide-open scissors of prices for agricultural and industrial products and to escape financial ruin.

Processing in kolkhozes and sovkhoses and their own retail trade have proven their right to exist. However, this has not been easy. As a mighty warrior from a fairy tale, a farm has to endure a multitude of trials before it opens its own retail outlet.

A paradoxical situation emerges: Rayon and city authorities are interested in kolkhozes and sovkhoses selling their products but do little to accommodate them. The farm itself has to build and outfit the stores. The agricultural company Sarkanays Oktobris from Preylskiy Rayon has opened three of them. One more shop and a cafe are planned. General Director Hero of Socialist Labor Romuald Kavinskiy complained on one occasion: "Had we not built the shops ourselves there would have been no trade at all."

It is not that difficult for a large agricultural company with powerful construction subdivisions to build a new store or to do major repairs in an old one. What are those whose potential is more modest to do? Member of the Latvian SSR Academy of Sciences People's Deputy Arnis Kalninsh believes that all farms should not even try to set up their own retail outlets; they can be joint for several farms or even rayon-wide.

Cooperatives are picking up steam, but too timidly so, especially in the remote rayons of the republic. Economic functionaries are afraid of difficulties: It is easier to live without commerce. For example, at the already mentioned agricultural company Sarkanays Oktobris representatives of the Gosstandart [State Committee for Standards] were an unknown sight before the company set up a curing plant. As soon as it appeared the inspectors descended. They watch and continuously inspect a small team which produces 300 to 500 kilograms of smoked foods a day as if it were a real meat-packing combine. The absence of a laboratory is the only thing they hold against local producers. Violations are possible if there is no laboratory. Being reluctant to tangle with inspectors, some farms produce for their own consumption only meeting to some degree the need for one particular kind of products, say, bread or smoked foods.

There are many inspectors but few assistants. The aforementioned agricultural company "Sarkanays Oktobris" whose turnover of trade is nearing 2 million rubles a year sells cheese, butter, candy, starch, vegetables, fruits, and potato chips. When it comes up with a new product, for example, a new brand of cheese the recipe for which is developed by specialists from the cheese plant, it cannot be sold without a permit issued by the research and engineering center of the republic Gosagroprom. It appears on the surface that a mere technicality is in store for the agricultural company in this case: It provides all the documentation, and 1 or 2 months later gets it back in almost the same form or with minor changes. However, the price tag on this creative "endeavor" of the office is 20,000 to 30,000 rubles. The company operates under economic accountability, and this sum will be included in the self-cost of production, and subsequently in the price we, the customers, will be asked to pay.

High prices are, perhaps, the main complaint of consumers concerning kolkhozes and sovkhoses. Naturally, people also note quality and the elimination of shortages of individual products, for example, green peas. However, they invariably add: It is too expensive! A half-liter jar of peas costs 1 ruble. Marinated and pickled cucumbers, tomatoes, juice, and jams are not cheap either. Voices are heard saying that they ought to be "kept down"; let them trade at state prices. The producers have arguments of their own: If you start swinging an administrative club we will curtail production altogether. We used to get by without it, and we will again. Indeed, they will get by, and will not even notice the loss because a 10 to 20-percent decline in profits will not put a big dent in the finances of a farm.

Is there a way out? R. Kavinskiy, whom we already know, believes that the dominance of two or three dozen large farms in the republic market amounts to a clearly abnormal situation. All kolkhozes and sovkhoses, along with cooperatives, should find their way to the market rather than be confined to their own village. Let there be many shops, cafes, and snack bars. Let healthy competition appear which will drive them to improve quality

and reduce prices. However, this will not appear out of nowhere. It is high time to set up effective material and technical supply of up-to-date, highly mechanized equipment, spare parts, metal, and packaging materials to kolkhozes, sovkhozes, and agricultural companies. An industry working to benefit the people should not be a Cinderella. Specialists of the farms are fed up with resorting to all kinds of tricks in order to keep the plants running and producing goods.

Other farms engaging in processing and commerce also advocate wholesale trade in resources. They will not have to attach their hopes to administrative devices when such trade appears and a market emerges. Supply will determine prices: The more of a product there is the cheaper it is.

PERSONAL INCOME, SAVINGS

Policy of 'Guaranteed Minimum' Income Advocated
904D0036A Moscow *LITERATURNAYA GAZETA* in
Russian No 49, 6 Dec 89 p 12

[Article by A. Levin, Candidate of Economic Sciences:
"Should We Economize in Assistance To the Poor?"]

[Text] Commencing on 1 October 1989, in accordance with the law entitled "Urgent Measures for Improving Pension Support and Social Services for the Population," adopted during the 1st Session of the USSR Supreme Soviet, the minimum pension amounts have been raised. Beyond any doubt, this is improving the material status of our poorest pensioners. But let us examine how our poorest families are living and what must be done in order to provide them with real assistance.

For a long period of time, the lives of those of scanty means or simply poor families was concealed behind a shroud of secrecy. Any attempts to learn more about this situation were viewed almost as infringements upon state secrets. And even at the present time we still do not know how many families are living on monthly incomes of less than 40 rubles per family member or how many are receiving 30 rubles.

But the time is at hand for opening slightly the curtain of secrecy that conceals this extremely important subject. This is required first of all in order to draw the attention of society and the governmental institutes to the problem of poverty. For many years and decades we have devoted very little attention to this problem.

Of all measures of assistance for the poor, the largest has been the introduction of allowances for the children of impoverished families, the income of which is less than 50 rubles monthly per individual (in some regions, mainly northern regions—less than 75 rubles).

Such allowances were introduced back in 1974 and immediately aroused dissatisfaction which continues to

this day. Those who disagree with this measure insist: "For the most part, these allowances are being issued in the Central Asian republics and Azerbaijan, where many children are being born?" This is true. But glance at the faces of the Uzbek, Turkmen and Kirghiz mothers. They age considerably earlier not because of births, but as a result of need, their difficult living conditions and constant malnutrition.

True, at the present time families with many children are also obtaining monthly allowances for their children. But they are so miserly that one feels uncomfortable even discussing them: 4 rubles for a fourth child, 6 rubles for a fifth and 12 rubles and 50 kopecks for a tenth child. And even these allowances are paid only for a period of 4 years (from the 1st birthday of a child until he reaches the age of 5).

This helps to explain the fact that 75 percent of the families with many children live at the poverty level.

Women of the "civilized west" in our country are not striving to become mothers of many children, even though the allowances for children of impoverished families are paid for a somewhat longer period—up until the child reaches 8 years of age. And thereafter the allowance is automatically withdrawn, almost as though the child no longer needs to eat, drink or be clothed.

Meanwhile, studies conducted by physiologists have shown that it is at 8 years of age that a child's organism begins to grow in an active manner, with the child consequently having a greater need for food and clothing.

This year the plans call for increasing the age up to which allowances are paid for the children of impoverished families to 12 years. But this measure has been postponed until next year. Yes and why do they stop at 12 years of age? Indeed, everyone is aware that it is precisely at this age than a child's organism begins to sense a raised requirement for meat and other food products. It is during this same period that a child's spiritual and intellectual development accelerates sharply. And judging by the new plan, the allowances for children will be withdrawn just at the time when they are most needed. The allowances for the children of needy families, including mothers with many children, must absolutely be extended until a child becomes 16 or 17 years of age, an age when he can commence his independent work life.

I foresee objections by those who zealously guard the public interests: the state pocket is not rubber and should not be stretched endlessly. But first of all we need ask the question if the proper development of the rising generation is in conflict with the state's interests?

And secondly, and this is most important, the state's pocket will not be harmed to an excessive degree by this measure. Indeed, at the present time only a miserly proportion of the state budgetary funds is being used for providing assistance for children in needy families and

this proportion is steadily declining. By way of substantiating this fact, allow me to cite some figures: compared to 1975, that is, at the very peak of the stagnant period, when the proportion of the allowances for children of impoverished families amounted to 0.56 percent of the total amount of state budgetary expenditures, in 1980 the figure was 0.35, in 1984—0.27, in 1986—only 0.24 and in 1988—0.20 percent. The absolute total amount of payments for this purpose during this period (from 1975 to 1988) declined roughly by 300 million rubles and at the present time amounts to less than 1 billion rubles.

True, the size of the allowance for each child did not change during this period. It remained at the level of 12 rubles.

But very few of those individuals who are responsible for this problem recognize the fact that 12 rubles at the present time are not quite equal to the 12 rubles issued at the time the allowance was introduced. It has become a lesser amount of money and particularly for those families who are in need—because it is precisely these families whose budgets are feeling the effects of the inflationary processes, the growth in prices and the disappearance of a cheap assortment of products. The latter process is affecting impoverished families to a greater degree and thus it is these families who are suffering the most from it.

The unceasing growth in the retail prices for goods is arousing special fears among those families living on the edge of poverty. During the last 8 years alone (in 1988 compared to 1980), the average retail prices for goods sold in state and cooperative trade increased: for bread and baked goods—by almost 25 percent, for meat and meat products—by 20, for potatoes—by 29, for vegetables—by more than 20, for footwear—by 12-15, for sewing products—roughly by 30 and for refrigerators—by 29 percent.

And for some assortments of goods, the growth in prices was even higher: according to data supplied by USSR Goskomstat [State Committee for Statistics], during the first 6 months of 1988 and compared to the same period for the previous year, the prices for men's winter coats and short coats made out of woolen fabrics increased by 37.5 percent, for women's winter coats—by 27.6, for women's clothes and two-piece dresses—by 37.1, for children's jackets made out of synthetic materials—by 41.4 and for girl's clothing—by 37.3 percent.

Moreover, it should be added that the production of cheap goods for which there is a high demand, especially products for children, youth and elderly persons, is constantly declining. Last year, for example, the production of woolen trousers costing up to 25 rubles and suits and dresses costing up to 190 rubles declined by 25 percent; suits and dresses costing up to 80 rubles and coats made out of woolen fabrics for elderly persons costing up to 100 rubles—by almost 50 percent. On the whole there was a decline in the production of light industry products for which there is a high demand.

On the other hand, the production of products of improved quality, bearing the "mark of excellence" and being sold at raised prices, increased during 1988 by more than one third. Last year, roughly 40 percent of the output of light industry was produced at raised prices. As a result, the overpayments by consumers for these products amounted to 4 billion rubles. This year the total amount of our overpayments will obviously double. The end result is well known: The poorest families with fixed incomes will become even poorer and those who lived at the average level will drop down into the category of impoverished. And thus it will not be by mere chance when the impoverished families will be forced to spend a major portion of their income for food and for the simplest of non-food products: they will spend 85 percent of their total income for these products.

And they will have no money left over for movies, the theater or other cultural services. For such purposes, these impoverished families will spend no more than one and a half to two rubles annually per family member. Thus, how is it even possible to discuss spiritual development? All of their physical and spiritual strengths are being directed towards acquiring cheap goods. And as you can see, these goods are becoming fewer in number and increasingly more difficult to purchase. According to data supplied by Goskomstat, the 1988 trade requisitions for overcoats, short coats, raincoats, suits, dresses and footwear for elderly persons were satisfied by only 30-66 percent.

True, definite measures are being undertaken at the present time aimed at preventing growth in the prices for goods which are in high demand. Only the future will reveal just how effective these measures are. But it is already apparent at the present time that the list of goods at socially low prices, the state order for which is being sent to enterprises, is too short and does not include many light industry products that are used by elderly people (hats, women's lingerie, women's jackets, dressing gowns and so forth), not to mention goods being produced by other branches.

Nevertheless however, the most serious problem at the present time for people with low incomes is the food problem. It is being aggravated by the shortages in vitally important products.

For example, at the present time the families of manual and office workers with monthly per capita incomes of 50 rubles are consuming only roughly 20 kilograms of meat and meat products (also per capita). This is almost five times less than that being consumed by families with per capita incomes in excess of 200 rubles monthly and four times lower than the rational norm. And in some small cities the people are consuming even less. And thus they are not capable of reproducing either their work capability or even themselves. Is this not the reason for our low labor productivity, low birth rate and high mortality rate?

Thus serious thought must be given to how, given the conditions imposed by our food shortages, we can feed those impoverished families who are presently suffering the most from these shortages. Perhaps special dining halls should be opened up for the needy people where they could obtain hot meals free of charge, or at least at favorable prices. Facilities for special dining halls and special snack bars could be re-equipped for them for providing nourishment for highly placed workers. Such a step would be socially fair.

However, such singular measures, however good they may be, will not be able to solve radically the problem of poverty even if they are successfully implemented. This problem is so complicated, extensive and profound that its solution requires truly revolutionary measures. And the principal such measure—the introduction of a guaranteed minimum per capita monetary income for each impoverished family, regardless of the social status of its members or their national affiliation, sex, age and so forth. Moreover, this minimum income must be reinforced legislatively in the form of a so-called minimum socially guaranteed norm.

A guaranteed minimum per capita income for families could become, if in fact it is introduced into operations, a most effective means for the social protection of impoverished families against poverty and destitution. The present allowances for the children of impoverished families are incapable of guaranteeing such protection.

Moreover, this minimum must constantly be raised with the passage of time. Even during the early 1960's, the minimum living wage was defined as a per capita family income (net and excluding taxes) of 30 rubles monthly. By the beginning of the 1970's, it had increased to 50 rubles. Its limit at the present time is somewhere in the neighborhood of 70-80 rubles. And by the beginning of the next five-year plan, it will obviously be raised to 100

and more rubles monthly per family member. This growth in the living minimum wage is quite proper. It is occurring as increases are taking place in the requirements of the people. During each succeeding period of time, more blessings are required than were available during the preceding period in order to satisfy their requirements and maintain them at the minimum level. Overall growth in the value of life plays an important role in raising this level.

But a guaranteed minimum of 100 rubles or even 75-80 rubles is considered to be a maximum-program and one which our faltering financial economy is scarcely capable of carrying out at the present time. Perhaps it will be possible to introduce this minimum in a somewhat abbreviated form—50-60 rubles monthly per family member and for single individuals—somewhat higher.

The economy in rendering assistance to the poor, which we have cultivated over a period of many years and decades and from which we still cannot release ourselves from, will not save us. Considerably greater losses may occur in quite unexpected areas: in growth in criminality, including organized crime, growth in alcohol and drug addiction (it is known that many people from impoverished families suffer from the latter condition) and in growth in the sickness rate for tuberculosis

In the final analysis, an economy in the area of rendering assistance to the poor not only corrupts the moral atmosphere of society, but in addition it may serve as the catalyst for bringing about a surge in mass dissatisfaction. Thus the introduction of a guaranteed minimum per capita family income, which is viewed as being a long established problem, is now recognized as being a priority social task. If we are to move further along the path leading to social progress, then a solution must be found for this problem.

ELECTRIC POWER GENERATION

'Top Secret' Map on Radiation in RSFSR Oblasts Revealed

904E0067A Moscow *RABOCHAYA TRIBUNA* in Russian 27 Feb 90 p 4

[Article by E. Mokhorov, *RABOCHAYA TRIBUNA* correspondent: "Top Secret: Who Created the Secrecy Around the Bryansk Tragedy?"]

[Text] At an emergency session of the Bureau of the Bryansk CPSU Obkom and the ispolkom of the oblast soviet, representatives of labor collectives, physicians, and journalists were presented for the first time a map of the radiation situation of Bryansk, Kaluga, Tula, and Orel oblasts.

This map was classified "Top Secret" for more than 3 years. Until last September, the very fact of the tragedy that befell a vast area of the Russian Non-Chernozem zone as a result of the Chernobyl accident was concealed from the public.

Nothing was written about the refugees, about the abandoned Bryansk villages, settlements, and factories, about the massive increase in serious illnesses, particularly among children, or about the hundreds of millions of rubles senselessly spent on work to remove contaminated soil, the effectiveness of which authoritative experts now compare to that of the former USSR Ministry of Land Reclamation and Water Resources to reverse the Siberian Rivers.

To whom belongs the honor of being the one who for almost four years created the secret around the misfortune that befell people? In Bryansk, Novozybkov, Starodub, Zlynka, Trubchevsk, and other towns and villages, they more and more often are citing the name of the first deputy chairman of the RSFSR Council of Ministers, F. Tabayev, who until September 1989 headed the interdepartmental governmental commission. Accusations are also made against scientists of the Leningrad Scientific Research Institute of Radiation Hygiene.

At a meeting of the Bureau of the Bryansk Party Obkom, Yu. Tsaturov, deputy chairman of the USSR State Committee for Hydrometeorology, publicly accused the RSFSR and USSR councils of ministers of concealing the truth about the disaster areas in Russia. The first information about the radiation situation in Bryansk and other oblasts of the RSFSR, as he stated, was presented to the governments of the republic and the union already on 29 April 1988, and it is not the scientists' fault that this information was not made public in a timely manner.

Almost four years after the Chernobyl accident, a board of directors has finally been created in Bryansk Oblast for building new communities for the evacuated refugees. A decision has been now made on eliminating 44 populated areas in the so-called strict monitoring zone.

In the contaminated areas there is a catastrophic shortage of physicians and a lack of medicines, diagnostic equipment, and the simplest radiation monitoring instruments. As a rule, there is one dentist, one internist, and one surgeon for each rayon. This was discussed at the obkom bureau meeting. The government of Russia allocated for the disaster area one refrigerator and one washing machine for each 1,000 residents, although such goods in the strict monitoring zone are not a luxury but a matter of life and health. Only 30 percent of the need, say, for canned milk for children is being met. Patients with a critical need for medicine have a six-month wait. At the same time, public health agencies rejected the offer of free assistance from the World Association of Physicians for Bryansk Oblast.

In answering workers' questions, Yu. Olkhovikov, deputy chairman of the RSFSR Gosplan, who was present at the meeting, was forced to admit that he did not even suspect that things were so bad, that he was poorly informed, and that assistance was not requested vigorously enough.

And the final "Top Secret" report: The workers of Bryansk disaster area have grown tired of listening to the empty promises of the numerous commissions from the center. Now all hope is on the USSR Supreme Soviet, which in the next few weeks, it has become known, will consider and approve a unified all-union program of assistance to the republics that have suffered. This includes the deprived Russian oblasts—the outcasts.

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Central, Republic Responsibilities for Energy Issues Discussed

904E0058A Moscow *ELEKTRICHESKIYE STANTSII* in Russian No 12, Dec 89 pp 2-3

[Article by B. S. Zatoplyayev, general director of Kaliningradenergo [Kaliningrad Regional Administration of Power Systems Management]: "Managing the Development of a Power Supply Under Regional Economic Self-Sufficiency"]

[Text] The radical economic reform that is being implemented in our country has caused all USSR Minenergo [Ministry of Power and Electrification] enterprises and organizations to convert, beginning in 1989, to full economic self-sufficiency and self-financing and to organize their production activity in accordance with the USSR Law on the State Enterprise (or Association).

Major preparatory work and numerous discussions and experiments preceded the conversion, as is known. Standardizing documents that were worked out are right now being checked in practice, the faults of some decrees that were adopted are being revealed, and the search continues for new ways to improve the economic self-sufficiency mechanism, in which the principal of harmony of the interests of the national economy as a whole with the labor collectives of the industry's enterprises will be realized.

But realism also requires consideration of the new peculiarities that arise when a society is being restructured.

Publication of "The General Principles for Restructuring Management of the Economy and the Social Sphere in the Union Republics, Based on an Expansion of Their Sovereign Rights, Self-Management, and Self-Financing," which was introduced by the USSR Council of Ministers and the USSR Supreme Soviet and published in March 1989, has now attracted the attention of many.

The need to restructure in accordance with the principles proposed was caused to a great extent by the limited economic independence of the republics, and by an aggravation of relations among the nationalities and the appearance of parochialism that grew in this soil. An appropriate USSR law, which raised the role of local organs in managing a region's economy, had to be adopted. The Union republics and the regions should enter the 13th Five-Year Plan with the mechanism of self-management and self-financing, that is, they should convert to regional economic self-sufficiency.

The forthcoming changes in managing the economy and the social sphere in the republics calls for a combining of economic self-sufficiency along the vertical (self-sufficiency of the branch of the economy) and the horizontal (self-sufficiency of the region).

The key problem of expanding the Union republic's independence, as the General Principles define it, is effective fixing of the limits of the functions and facilities of control between the center and the field. It is planned that management of production-infrastructure facilities of regional significance, which will provide for stable operation of a number of enterprises, including those of power supply (Article 2, Chapter II), will be concentrated in republic and local organs. At the same time, the management of some branches of the economy, including the fuel and power complex (TEK), is to be retained at the Union level.

Just how are management functions and facilities to be restricted in power engineering, which, being a component part of the TEK, solves, with Union management, tasks also of purely local (municipal, oblast or republic) significance, since power-engineering is closely connected with the local infrastructure?

This question requires a broad discussion that will take into account the great diversity of the conditions under which power is supplied to the various regions. Effectiveness in solving power-supply problems and the prospects for developing power-engineering locally will depend greatly on how it will be formulated in a future USSR Law and in other branch-of-industry or All-Union standardizing documents.

Let us take, for example, such most important functions as capital construction and the supplying of materials and equipment.

The General Principles stipulate (Article 6, Chapter IV) that all problems of the construction of production facilities, including those created when enterprises of Union significance are erected, will come within the jurisdiction of the republics. The regional supply organs will get from USSR Gosstab ceilings on centrally distributed resources as a whole for all enterprises and organizations, regardless of their agency subordination, without a breakdown by branch and area (Article 8, Chapter IV). The responsibility for developing power systems that serve the oblast and are short of generating capacity should be divided with precision between the Union ministries and the region (or republic) in accordance with these principles in the USSR Law.

Kaliningradenergo, for example is one of the power systems that are gravely in need of eliminating a shortage of capacity. The peculiarity of the oblast's geographical position and its economic requirements require the construction of a new station. Such a source of electricity and heat is not so great on the USSR Minenergo scale, but it is of vital importance for the oblast. In this case the financing, the acquisition of building organizations, and the supplying of building materials should lie, as envisioned by the General Principles, within the jurisdiction of local organs, which are responsible for a balanced and economically justified approach to the region's development.

A question which, in our view, is most important and requires examination, is management of the country's heating activity. An interindustry standards document should, in accordance with the General Principles, determine which boiler houses, regardless of their capacity, and which heating mains and distribution lines should be on the books and at the service of local-soviet housing and municipal organs, which are responsible for the public's heat supply, including the development of heat sources (they become the clients for the heat-supply schemes of municipalities, regardless of the size of the population, and are clients for the construction of boiler houses, regardless of their capacity, and of the heating grids).

The conversion to regional self-sufficiency and a rise in the economic independence of the republics can provoke an RSFSR reexamination of the purpose and role of regional power associations (TEO's). It may be that a review of the problem of creating a republic organ for RSFSR electrification that does not duplicate USSR Minenergo functions in regard to All-Union power problems, with rights and responsibilities that blend with an expansion of a republic's sovereign rights, self-management and self-financing, is necessary.

It is desirable to develop in the journal's pages a discussion of the questions that arise from the necessity for restricting control functions and facilities among the center (the ministry), the Union republic, and the oblast in regard to vertical and horizontal ties.

With the introduction of true economic self-sufficiency relationships in the national economy, the role of economic ties between enterprises will rise where there are

direct agreements. Guarantees should be called for that will compensate a power system that concludes an agreement to release to the customer a certain amount of electricity within the capacity ceiling (the same also for heating) for the economic harm that heat-supply organizations suffer (through expenditures for fuel, operating expenses, and so on) because of the customer's failure to use the contractual indicator for electricity and heating. In order that this guarantee may be reflected in the contract, changes must be made in the Regulations for the Use of Electricity and Heat and in the appropriate form for a model contract.

In this connection, the question of the desirability of developing a USSR Law on the use of electricity and heat

can be discussed. The critical attitude of economic supervisors and of society toward various types of agency instructions, regulations, and other legally binding enactments is well known. The USSR Law that determines the rights, obligations and responsibility of power-supplying organizations and the requirements for energy that the Supreme Soviet adopted can provide the necessary legal guarantees to the parties concerned. Prior to adopting such a law, the necessary changes in the industry's standardizing documents should, in our view, be adopted as quickly as possible.

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Chernobyl Workers Protest Health Care

904F0089A Moscow TRUD in Russian 13 Feb 90 p 2

[Article by A. Dzhapakov, TRUD correspondent, Sverdlovsk: "Payment for Courage: What Forced the Chernobyl Heroes to Take Extreme Measures?"]

[Text] At Hospital No 21 in Sverdlovsk eight heroes from yesterday—participants in liquidating the consequences of the accident at the Chernobyl AES (or as they are now called even in official documents "liquidators")—announced that they were going on a hunger strike. These people, overstrained and weakened by illness, decided upon this last, desperate step in order to at least attract society's attention to their misfortune.

In eager rivalry they told me that this strike was not about the deadly danger of their work on the roof of the second block and at other heavily damaged sections, but about how they, who had lost their health, were separated from their families, were treated unkindly at work and how their requests and concerns were disregarded.

Between stays in the hospital one of them lives in a bathhouse because there is no longer any room for him at home, where he left his family. V. Novichkov, a worker at a worsted textile kombinat, has been in the hospital for eight months. During this time nobody from the enterprise, not even the trade union committee, visited him.

Why do I insist on calling them heroes? Here is the opinion of P. Ramzayev, director of the Institute for Radiation Medicine, RSFSR Ministry of Health, and an expert at the World Health Organization:

"One has to have great courage in order to work in the zones where these people were. Their advancement into the area was fraught with deadly risk. They all knew that. They all experienced serious psychological problems that could not but leave traces. The most frightening thing of all is that radiation is an invisible death. It requires much more courage than to face a danger that one can see."

Everywhere the Chernobyl veterans encounter the attitude: "What are they complaining about? They went there for the easy money, benefits and awards—now they are paying for it!" But it was not that way at all.

They did not go on their own. These eight, like many others, were called to an ordinary military reserve muster. Without asking for their agreement, they were sent to Chernobyl. This fact shows heartlessness at the state level. Even in war, authorities ask for volunteers for the most dangerous missions. So they did not go for the benefits... At the accident site they were promised big rewards. There was talk about large bonuses; they were even given papers showing this. Not a one with whom I talked obtained anything. After returning home they appealed to various authorities for benefits, but they only shrugged their shoulders...

And now they are paying for the negligence of those who caused the accident. For the complete disregard others showed for their legal right to refuse to go to that zone of death.

The "liquidators" are paying the debts of others. And at what a price! At Chernobyl each of them received a 25-roentgen dosage. This is a small amount, not enough to cause any special illness. Some of these young men felt bad right after returning home, while for others it took a year or two. They began to get severe headaches; the muscles in their arms and legs grew weak and sudden fainting became more frequent. At Sverdlovsk they were sent to Hospital No 21, where they now spend more time than at home. They are discharged, but in a month or so are back again in the ward—they are sick to death of its grimy walls.

L. Kokhno, the deputy chief doctor and the chief hematologist in the city, thinks: "The entire clinical picture points to radiation sickness. But we cannot state that officially. The diagnosis, written in their papers, is a low dosage."

In accordance with USSR Minzdrav Order No 731, the right to make an official conclusion about the linkage of their sickness to their work at the accident belongs only to a specially created expert council in Kiev. It is the only one in the country. It is almost impossible to go there; one has to be summoned. L. Khokhno has repeatedly sent requests to Kiev; most of the time they are unanswered.

The "liquidators" themselves travelled from the Urals to Moscow. Only one of them, V. Zavarzin, was able, after great labors, to have his "dosage changed." However, this did not alter his unfortunate situation.

The official dosage is a stumbling block not only for obtaining benefits. A low dosage means that the illness is not linked to radiation and must be treated as an ordinary illness.

"I cannot treat them," says L. Kokhno, "nobody can, except specialists at the Main Third Administration at Minzdrav."

The Third Administration is a special zone for our health care. There everything is secret, including the methods for treating the consequences of radiation. One can only think that there are sick people who are suffering, there are doctors who can treat them, there are medicines and, probably, some achievements in this area of medicine. But people continue to suffer under the press of an incomprehensible, unfathomable secret.

This situation cannot be called anything but outrageous.

The "liquidators" themselves explained about how the dosage was determined at Chernobyl. There was no serious monitoring; some dosages were determined by eye. There were sections in which one could be for only a few minutes or even seconds. Nobody seriously kept track of this. If you lingered there, then it was estimated

that you were there only the allowed time and that you received only the authorized dosage. Even the "liquidators" did not pay any attention to the figures being entered in their papers. It was new to them. At that time who among them could think that these little numbers, entered by an indifferent hand, would have such an effect upon their later fate?

A small dosage means that one is classified as disabled only on general grounds. A disabled person 30 to 40 years old is paid a 70- to 120-ruble pension. Medicines alone cost more than that! Work? Find work for a welder, driver or lathe operator where they will not strain themselves, periodically faint and spend months in a hospital. A pension equal to average earnings at one's previous job will be paid only to somebody whose illness is linked to cleaning up after the accident. To make this "linkage" one needs a high dosage in one's papers.

The benefits are in this vicious circle, a wheel grinding out their fate. However, nobody can see them, for they too are secret.

I saw a list of benefits for an individual with radiation sickness. It had a "Secret" stamp on it. Secret benefits—this is incomprehensible! Who is the government decree for and where are these benefits enumerated? For the workers of special units, the first departments, who, having signed for these documents, will not show them to anybody? To no one—not even to the patients, their trade unions or workers at institutions and organizations who are to pay these benefits.

There is much in these papers—about apartments without waiting, telephones, sanatoria-health spa treatment, etc. The patients really need all this. Think about the one who is living in a bath, think about the frequent need to call for first aid.

"People who worked at Chernobyl during 1986-1987 received considerable, poorly monitored, radiation," says G. Zubovskiy, chief radiologist for RSFSR Minzdrav and deputy director of the ministry's Institute for Roentgenology and Medical Radiology. "They can have a wide range of illnesses, but most often these are linked to radiation exposure. They need medical monitoring, examinations. They need to frequently leave their jobs, where, of course, this is not welcomed. They should stay in a hospital for at least five months and not less than four months at a time each year. They need better nutrition, sanitarium-health spa treatment and many other things."

G. Zubovskiy came to Sverdlovsk to show the hunger strikers a package of such benefits worked out at Minzdrav. They were not very convinced. This package still had to make its way through the government.

Later they agreed to end their hunger strike, after A. Leonov, deputy chairman of the Sverdlovsk Oblispolkom, firmly promised to meet all their demands. Also, he promised that there would be an oblispolkom decree granting benefits to those suffering from radiation

sickness. This would be similar to benefits for other types of illnesses, but would be linked to work at Chernobyl. Perhaps the government will finally pay attention to the misfortunes of those who were at Chernobyl?

According to rough data, there are about 3,200 "liquidators" in Sverdlovsk Oblast alone. There are probably hundreds of thousands in the far corners of our vast motherland. They need rehabilitation centers and, of course, specialists. If there are not enough, then it will simply be necessary to reveal the secrets of the Third Administration and to teach methods of treating the consequences of radiation to ordinary, "non-secret" doctors.

G. Zubovskiy thinks: "Neither we nor specialists in the Third Administration, can determine the actual extent of exposure. Without this it is impossible to give these patients skilled care. In order to learn the actual dosage we need materials concerning work at the accident. These documents are stored at the Ministry of Defense and the Ministry of Atomic Power. The Ministry of Health has repeatedly gone to these ministries with requests to give these materials to doctors. Every time they have been refused. The only thing we have achieved is the military commissariat's authorization to obtain such data. But after we had flown back to Sverdlovsk, there was nothing at the oblast military commissariat. And why is there a military commissariat here? It is nothing but extra red tape. **Doctors need materials; without them we cannot really help the patients.**"

For so many years we have been proud of the rights of Soviet citizens embodied in our constitution. How many of them have been refused to yesterday's heroes of Chernobyl? They have also been deprived of unwritten rights. They are unwritten because they are natural for any society. These are the rights to the state's recognition and thanks to citizens who have risked their lives carrying out its orders and the right to a good attitude of others to people whose suffering is not their own fault. Even those whose misfortunes are their own fault have a right to compassion...

Here is another frightening fact: three of the "liquidators" in Sverdlovsk have killed themselves.

Metallurgical Industry Union Official on Strikes, Worker Welfare

904F0091A Moscow *PLANOVOYE KHOZYAYSTVO*
in Russian No 12, Dec 89 pp 15-20

[Interview with I.I. Kostyukov, chairman of the Central Committee of the Metallurgical Industry Workers Union, by O. Yefimov, under "At the End of the Year" rubric: "Why the Economy Is Experiencing Difficulties"]

[Text] In October of this year, the USSR Supreme Soviet passed a law on the system for the resolution of collective labor conflicts. The editor's office turned to I.I. Kostyukov, chairman of the Central Committee of the

Metallurgical Industry Workers Union, with the request that he comment on the situation in the branch, in particular the reasons for the difficulties being experienced by the economy, and that he tell about the work being done by trade unions to prevent labor disputes.

[Yefimov] Ivan Ivanovich! One of the characteristic features of the past years in the economic life of the country was the mass appearances of workers, especially miners, in defense of their rights. They evoked different assessments in the country. It is well known that metallurgists, who expressed their solidarity with the miners, practically did not strike. How was it possible to organize such a development of relations in labor collectives that met the interests of the working people and the state?

[Kostyukov] First of all I would like to characterize the work of the branch in recent years so that the situation will be clear. It is necessary to note that the transition of enterprises to new management conditions helped bring about a major improvement of the work and for the first time in history made it possible for the branch to fulfill the plan for 1988 without having to adjust it. They obtained an unprecedented above-plan profit of 1.3 billion rubles, whereby the prices for metallurgical output did not increase. Everything was achieved through better work and this money was indeed earned. Of this sum, 70 percent (910 million rubles) was left with the enterprises, which made it possible to increase the economic incentive fund by 170 million rubles, and the remaining amount was used to improve the social sphere and to reequip production. And the people understood that highly productive labor can be suitably recompensed through remuneration and through an increase in public consumption funds, that it is possible to have high profit (and not be ashamed of it) without juggling prices, and that it is possible to earn significant resources for technical reequipment and social development.

It is for this reason that the branch began 1989 in good spirits and continued to increase its successes. It obtained 716,000 tons of rolled products above the plan in the first 5 months, whereas previously we came up short by 2 to 4 million tons every year. Contracts were 99.1 percent fulfilled. To understand better what this means for our branch, I will say that we annually issue 19 million standard sizes of orders and the freight turnover of the branch amounts to 7 billion tons. For this reason, such a successful fulfillment of contractual obligations indicates not only the high qualifications of workers but also their great conscientiousness and sense of moral responsibility to the entire country.

Unfortunately, the labor ardor was broken by the middle of the year. It all began with the strike of miners in Norilsk. A very imposing group headed by the minister flew out to look into the conflict. We scrupulously examined all of the demands of the workers and determined that most of them were justified. Why did the strike start? Above all because of the irresponsible and

indifferent attitude of the administration and line personnel to the needs of the workers, the disdainful attitude toward their requests and the ignoring of their own direct official duties. This is the primary cause but certainly a large share of the blame belongs to the ministry and, of course, the trade union leaders, including the union central committee, who were obligated to defend the interests of the working people actively and not to ask but demand that the administration establish order. At the same time, this strike showed that one of the ways to prevent such conflicts must be the inclusion of the demands of the working people in a collective agreement so that it will be clear when they are fulfilled and who is responsible for what.

The second reason for the strikes was that our trade union organizations did not work to stay ahead of events. The complex economic situation in the country, the shortage of many essential commodities and the increase in inflation make people uncertain about their future and they naturally came out in defense of their own interests. These are not regional problems and not problems of individual enterprises but they are common to us all. So we must resolve them and prevent them together rather than waiting for events to come to a head. This is a very serious lesson for us. We set up groups on an operational basis that went out to all regions of the country to check into matters locally and we formed a team of specialists that talked with all representatives of labor collectives that came to the central committee of our trade union. We also expressly invited workers from many enterprises to meet here and in the ministry. And all of this, of course, helped ensure that the branch worked without any serious interruptions.

Sometimes people who are far removed from metallurgy criticize us for the fact that trade union committees did not resort to strikes and did not lead them. As a person who worked for decades in the metallurgical industry and who for a quarter century has been vice president of an international association of metalworkers, I will say that throughout the world metallurgists, as workers in a branch with a continuous production cycle, practically do not strike. Moreover, the convention of the International Organization of Labor signed in 1976 directly acknowledges that strikes are an extreme and least desirable means of resolving labor conflicts and that it is necessary to seek ways to achieve compromises rather than immediately putting out ultimatums that do not improve but only exacerbate the situation.

[Yefimov] What measures is the trade union undertaking to improve the work with labor collectives?

[Kostyukov] Beyond what I have already said, we put into the computer all the proposals and demands that we have received from labor collectives and we established control. It is now possible to find out at any moment how they are being fulfilled. As of today, we have registered more than 2,500 demands. They are broken down into three groups. The first group is comprised of those that must be carried out immediately, finding the means and

physical resources for this. The second group is demands that are absolutely justified but whose resolution requires a specific study of the questions and rather significant resources. No one is ignoring them but time is needed for their realization. And the third group is made up of those demands that are either against the law or that cannot be carried out in the near future. In this work, it is necessary to point out the following: none of the demands is going unanswered; we are informing the people in detail of what is being done, when it will be done and, if something cannot be carried out, why. And the working people see that they are not neglecting their needs and are reacting to their requirements. All of this helps to establish normal conditions for work.

Under the complex conditions of economic life today, the most important thing for us is to eliminate interruptions in the work. Why is the economy experiencing difficulties? Above all because of the sharp decline in discipline—production, labor, civil and simply human discipline. I will not be revealing a great secret if I say that a very large group of people is striving not to carry out one of the basic principles in the life of the socialist society—that wages must be earned honestly. Some rushed into various trade and intermediary cooperatives, where they strive to buy more cheaply and sell more expensively without bearing responsibility for frank speculation; others are working in state enterprises but they thereby want to receive more and utilize various privileges, giving back to the society as little as possible, that is, they want to receive money for holding a job rather than for the results of their labor. Unfortunately, there are many such people. But it would be quite incorrect on this basis to draw the conclusion that they are the majority. I am not at all in agreement with the assertions that one sometimes encounters that everyone works poorly and that all around are nothing but louts and drunks. More than 3 million people work in our branch and the overwhelming majority works conscientiously and honestly. We now face the task of reaching the pace that was achieved at the beginning of the year and making up for the shortfalls in the middle of the year. Unfortunately, however, we not only lost all of our above-plan rolled products but after 10 months even owed the country 300,000 tons, that is, the overall losses in the summer period amounted to 1 million tons. Why is this very important for us? It should be understood that our enterprises are basic in some region or other and the results of their work determine the entire way of life of the cities developing around them. Housing and municipal services as well as the social sphere develop through the enterprise. And if the normal work of the enterprise is disturbed, the whole city feels it immediately. Here are some figures. We constructed 3 million square meters of housing annually. This year it is planned to construct 4 million square meters (an increase of 25 percent), which required additional resources. They came partially from the fact that this year 14 percent of the funds previously assigned for industrial construction went into housing construction.

This is a huge social achievement and a true implementation of the party's aim to resolve above all social tasks. And those who say that perestroika, other than glasnost, is not yet doing anything apparent to improve the lives of working people are wrong. There have been results but too many problems have accumulated to resolve all of them in a short time. Since the allocated resources are not adequate, the missing resources must be earned. No one will simply give them; to take them from someone means to deprive others. Accordingly, it is necessary to work fruitfully and smoothly and in this case strikes only hurt the cause. Strikers do not earn the resources. The second thing that is holding up our development is planning mistakes. Here is a specific example. Back in April we made the ministry and planning bodies aware of the fact that the enterprises of the aluminum industry are threatened by a shortage of raw material—aluminum oxide. But the administrative apparatus was slow about getting moving and coordinating its decisions and a number of aluminum enterprises were left without raw material and equipment stood idle. Emergency measures have now been taken and they are buying raw materials abroad. But time has already been lost, which cannot be bought even for foreign exchange, and someone must bear responsibility for such miscalculations.

And here I would like to say something about the miners' strike. I am very familiar with the work of miners. I have been in the faces many times and I know about the very difficult conditions of their labor. And in this connection, I fully support all of their just demands. But it seems to me that the strikers have forgotten and perhaps ignored the following. The coal industry is part of the country's unified national economic complex but the miners themselves are an integral part of the working class. The work of many other branches, including, of course, that of metallurgy, depends upon the work of the coal mines. In the miners' families themselves, moreover, many family members work in other branches, so that the strikes have a negative impact in them as well. And, of course, it is inadmissible that in being concerned mainly about their own group and sometimes selfish interests, the people at a number of mines were not concerned about the safety of equipment left without attention and workplaces, which is seriously delaying the resumption of the work. It must be said frankly that the strikes by miners had the most negative effect on the work of metallurgists. Reserves of coking coal declined by half and a number of coke-oven batteries stand idle (especially at the Cherepovetskiy and Novolipetskiy metallurgical combines). And this means that we will not be giving the miners themselves enough metal for props and mining machinery and that their work will also be restrained. Further, the lack of coke forced a reduction of the smelting of steel and the annual plan is now in danger of not being fulfilled. But if the plan is not fulfilled, then the enterprises will not receive all of the planned funding for the remuneration of labor, social development and technical reequipment. Hence we will again have to put off the resolution of some priority social problems. The strikers must also give thought to this. (Especially since

the main demands have been resolved. And answers for all questions were received at the meeting with Comrade N.I. Ryzhkov on 17 November).

And finally, the current as well as the coming year 1990 is a special period. It is precisely these years when most of the work is done in preparing the basis of the 13th Five-Year Plan. If it is strong and reliable, the five-year plan will start successfully and we will more quickly get out of this difficult situation in which we now find ourselves. If we are not able to fulfill everything that has been conceived, then the difficulties not only will not disappear but will become even worse and strikes only contribute to this. And no one must forget about the consequences of strikes, no matter what reasons may be given to justify them. We live in a socialist state and we are responsible for its fate. Only through our labor can it develop and become stronger and the working hands that build it must not do anything to impair it.

To deal more quickly and more successfully with the complex situation in which the branch found itself, the Central Committee of the Metallurgical Industry Miners Union carried out five regional conferences in April and May, in which members of the union central committee, representatives of labor collectives, people's deputies and delegates from a number of strike and worker committees took part. There was very frank and frequently extremely heated discussion about how to correct the present situation and successfully conclude the five-year plan. Measures are now being carried out in accordance with the results of the conferences and in December these problems will be discussed at the plenum of the union central committee. We hope very much that the realization of these measures will help to fulfill the 12th Five-Year Plan successfully.

[Yefimov] One of the demands of the striking miners was fairer pay, that is, pay for specific final results. What is the situation with respect to the remuneration of labor in your branch?

[Kostyukov] It is quite obvious that here, just as in any other branch, there are unique complexities and problems. In the introduction of a new system of wages, the categories and rates were not always properly based and the administration (with the tacit approval of the trade union committees) permitted a substantial difference between the wages of workers and engineering and technical personnel and allowed differences in the wages of enterprises with the same specialization and the same labor productivity. We are studying these questions and are trying to correct mistakes promptly. One of the difficulties is that the prices for our output increased by an average of 7 to 12 percent in the last 25 years, whereas the prices of equipment went up by a factor of 4 to 6. We are supposed to pay for the increased cost of equipment and increase the economic incentive fund just through labor efforts. The task is a very difficult one but this is not the only thing that concerns us. The lack of thought in some of the latest decisions by state bodies in the area of wages, in particular on the so-called tax on wage

increases, is cause for concern and, to be frank, perplexity. For if it is strictly adhered to, we must increase production at a snail's pace and in fact restrain the increase in the production of metal that is now in such short supply. But this benefits neither us nor the state. We understand that it is necessary to combat inflation actively using different methods, including restraint of the increase in wages. Not in general but **unjustifiable** increases not supported by physical output. This is where we must direct our attention above all. It is necessary to understand in which branches and how wages and output are increasing, and through this, production or prices and what causes unfounded increases and one must fight against the causes. In the case at hand, in our view, we took an easier path, that of direct prohibitions for all at once: for the innocent and the guilty. It is the opinion of our trade union that the decision urgently needs to be reviewed and refined.

[Yefimov] One of the reasons that caused the miners to strike was their dissatisfaction with the state of the social sphere in a number of cities and workers' settlements. What is the situation in regard to the resolution of social problems in your branch?

[Kostyukov] Among all the branches of industry, the metallurgical industry occupies one of the top spots in the development of the social sphere. The "Health" Program has already been in effect for three five-year plans in the branch. It is planned to spend 6.2 billion rubles on the accomplishment of the program just in the current five-year plan. It includes housing construction, the construction of preschool children's institutions and public health facilities and the resolution of environmental and other problems. We have detailed information on how these questions are being resolved in each oblast and each republic and we monitor the execution of the planned measures. What is the situation now? Each worker in the branch has 16 square meters of housing space, whereas in 1965 it was only 4 square meters. Nevertheless, there is not enough housing and one out of four workers is in line to obtain improved living conditions. I think that the reorientation of part of the funds from production construction to housing construction will make it possible to accelerate the resolution of this vitally important problem.

The situation with respect to kindergartens and day nurseries is not bad either, although the need for them differs greatly from region to region. Thus, whereas in Sverdlovsk, let us say, the need is almost fully met, which is characteristic of old metallurgical rayons, it is still very great in the rayons of new construction such as the Yakut ASSR, for example.

We have a rather well-developed network of public health institutions, which is continually being expanded. Now, having gained the possibility of selling above-plan output under direct contracts as well as abroad, the enterprises began to use more foreign exchange for the purchase of new medical equipment and replacement of obsolete equipment. The USSR Ministry of Health,

having learned how our departmental polyclinics and hospitals work, considered it advisable to leave them in the branch system. There are, of course, still more than enough sore points in the development of the social sphere. But the situation as a whole is improving. If we work better, we will be able to settle them more quickly.

[Yefimov] One can sometimes hear statements to the effect that in the West they strike for the slightest reason. As vice president of the International Association of Metalworkers, you are very familiar with the practice of the organization and execution of strikes in capitalist countries. How are labor conflicts resolved there?

[Kostyukov] First of all I would note that the legal regulation of the carrying out of strikes is highly developed there and it is organized so as to establish the most favorable conditions for the peaceful resolution of conflicts through compromises so as not to disrupt well-tuned production. In this connection, there is the Geneva Convention of the International Organization of Labor (we signed it in 1976), in which it is noted that strikes are the most extreme means of resolving labor conflicts. Consequently, very great significance is attached to the making of agreements between trade unions and entrepreneurs (management of the firm), where it is foreseen what and when the entrepreneurs obligate themselves to do something and what the working people (trade unions) must do. In case the agreement is violated, it is foreseen, as a rule, that the case will be examined in court with the imposition of large fines on the guilty party. So that many demands that were put forward by striking miners in the West, in England for example, were provided for in advance in labor agreements. It is also necessary to note that the strikes are only economic in nature. There they do not strike with demands that the "company president be replaced."

As a rule, only those take part in the strike who are involved in the matter, the demands are formulated precisely and the strike ends as soon as they are met. In addition, the state also specifies measures that help in the peaceful settlement of disputes. They include arbitration panels, parliamentary committees and various commissions. The fervor behind the strike is very great there but the strike is a severe test for strikers, so they do not strike for just any reason.

In conclusion, I would like to say the following. People are now presenting developed capitalist countries as examples and calling upon us to learn from them how to manage, organize work and set up our own economic relations. I am in favor of taking from the Western countries and utilizing all that will help in successful development—everything that helps to strengthen our state and improve the prosperity of the peoples of our country. At the same time, however, we must not forget that our country is a socialist state that has its own fundamental characteristics and differences from the economy of the capitalist countries and it is not appropriate for us to copy their experience blindly, including

their experience in the settlement of labor conflicts. For a strike movement is one of the forms of the manifestation of the class struggle in the bourgeois society. Two antagonistic classes pursuing different objectives oppose each other there. For no one has abolished the exploitation in the capitalist countries. It exists even today but for some reason people here hesitate to write about this. In this connection, my colleague, chairman of the metalworkers trade union in the FRG and president of the International Federation of Metalworkers, said unequivocally at his congress in October: "I would like to warn our East European partners about getting carried away with the capitalist experience in the market economy. It does not solve all problems and the exploitation and stratification in the society remain."

Our society is built on quite different principles. Their distortion does not mean that they are incorrect. It is necessary to fight against the distortion of socialist principles of management but at the same time it is necessary to affirm these principles. This also applies to strikes in our society. Certainly the workers must have the right to strike. It would be immoral to deprive them of this right but at the same time objectively our society has every possibility not to allow matters to reach the point of a strike and to prevent the rise of major labor conflicts to that we can work to anticipate them. Only highly productive labor will allow us to live better and it depends only upon ourselves and how we will enter the new millenium in another decade.

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Poll Judges Workers' Job Satisfaction

904F0066A Moscow OGONEK in Russian
No 49, Dec 89 p 1

[Poll by OGONEK magazine and the All-Union Center for Study of Public Opinion: "Pro and Con"]

[Text] Job satisfaction is an important indicator of the state of the economy. The topic of today's poll is the attitude towards work.

1. Are you generally satisfied with your job?

Quite satisfied	38.8%
More satisfied than dissatisfied	29.8%
More dissatisfied than satisfied	13.8%
More dissatisfied	7.5%
Hard to say	10.1%

2. Which of the opinions below best corresponds to your attitude towards your job?

My job is the most important thing in my life	14.9%
My job is very important, but there are other equally important things	53.1%
I work because they pay me for it	25.6%

Work is an unpleasant necessity, and I would not work if I did not have to do so	6.4%
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3. What is attractive about your present job?

The work corresponds to my knowledge and capabilities	31.2%
I have become accustomed to my place of work	20.4%
The work is important and useful to society	19.3%
My job is close to my home	14.8%
Good relations in the collective	14.7%
The work is interesting and provides an opportunity for cultural and professional growth	13.8%
Guaranteed pay	9.7%
The work pays well	6.7%
Work enables me to hold a worthy place in society	6.0%
The opportunity to show my worth and work wholeheartedly	5.8%
The work is easy, clean, safe, and in good facilities	5.6%
The wages correspond to my labor contribution	5.5%
Nothing is attractive about my job	5.3%
The opportunity to obtain housing	5.2%
Good, skilled management	2.3%
Good organization of work	2.2%
Good organization of food orders, sales, and such	2.0%
Good lunch room, dispensary, rest home, and such	1.9%
Good nursery schools (nurseries)	1.9%
Other	1.3%

4. What do you dislike about your present job?

Not enough pay	27.4%
I like everything about my job	17.9%
Poor organization of work	17.7%
Food orders, sales, and such organized poorly or not organized	15.2%
No opportunity to obtain housing	13.1%
My job is far from my home	11.0%
Wage leveling factor	9.2%
Dirty, heavy work in poor conditions	8.1%
Bad, unskilled boss	7.3%
Lack (poor operation) of a lunch room, dispensary, and such	6.8%
Fluctuating wage, no guaranteed salary	6.2%
Work is hazardous	5.3%
Work does not correspond to my knowledge and capabilities	4.5%
Work is not interesting and provides no opportunity for cultural and professional growth	4.2%
No opportunity to show my worth and work wholeheartedly	3.9%
Lack (poor operation) of nursery schools and nurseries	2.9%

Poor relations with management and in the collective	2.4%
Work does not enable me to hold a worthy place in society	2.2%
The work is useless to society	1.7%
Other	1.9%

5. How do you feel about the fact that the state has virtually removed all restrictions on supplementary work?

Approve	83.8%
Indifferent	9.6%
Disapprove	6.6%

6. Do you presently work at a second job (including work in a cooperative or in individual enterprise)?

Yes	13.5%
No	86.5%

7. Do you plan to find a second job in the near future?

Yes	14.9%
No	69.7%
Hard to say	15.4%

8. What are your personal aspirations and needs that would prompt you to get a second job?

The desire to use my work time actively	6.8%
The aspiration to use all my professional knowledge and skills	10.6%
The need to engage in other types of activities that differ from my main job	5.3%
The need to increase family income	56.7%
The opportunity to benefit people and society	12.2%
The aspiration to determine my work for myself and to be my own boss	7.4%
Other	1.0%

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Jurist Views Pension Law Inequities, Suggests Changes

904F0054A Moscow SOTSIALISTICHESKAYA INDUSTRIYA in Russian 15 Dec 89 p 2

[Article by Yu. Tsederbaum, honored jurist of the RSFSR, under "We Are Discussing the Draft Law on Pensions" rubric: "In the Mirror of Fairness"]

[Text] There is no doubt that the new law will be a big step forward in comparison with the one now in effect. It is especially attractive in that it equalizes the rights of workers, employees and kolkhoz members, considers the total length of service of citizens in determining the size of their pensions and introduces social pensions, which 1.5 million of our fellow citizens have an acute need of.

But much in the draft also evokes objections.

The greatest shortcoming of the draft is that it does not resolve the problems of citizens who are not well off. It therefore appears more proper to link a minimum pension not with a minimum wage but with a subsistence minimum. Pensions must not be below this minimum. And there is something else that speaks in favor of such a proposal. According to the draft law, the old-age pension will basically amount to 55 percent of the wage instead of the 50 percent under present legislation. But this will lead to a reduction of the pensions precisely for citizens who are not well paid. For the increase in the rate by 5 percent (from 50 to 55 percent) does not compensate for the reduction in the size of the pension by 8 to 10 percent as a result of its being calculated on the wage over 5 years rather than the last year of work. It will also decline somewhat as a result of the refusal to substitute for incomplete months of work. In general, this position of the draft to calculate the pension from the wage for any 5 consecutive years out of the last 15 years of work can, despite all of its obvious fairness, turn out to be a "delayed-action mine" for a great many people, again especially for the poor.

According to the data of the USSR State Committee for Statistics, the average wage of workers and employees increased by 9.5 percent just in the last 9 months of 1989. Of course it will continue to increase. Under such conditions, the denial of the short period of the calculation of the wage for the determination of pensions will lead to a significant reduction of their size in comparison with actual wages in the country.

It appears that it would be more fair to grant the right of free choice to those applying for pensions. The pension could be calculated from the wage either for any 60 consecutive months out of the last 15 years of work or from the wage in the last 24 months of work.

Furthermore, it is wonderful that the draft law finally gives kolkhoz members the same rights to a pension that other citizens have. And here this equality...is violated but this time to the advantage of rural workers. Indeed, the pension of kolkhoz members is calculated from all forms of remuneration of labor in the public sector of the kolkhoz (Article 78). But for workers and employees they count all forms of remuneration of labor for which insurance contributions are charged—except payments for the holding of several positions and all kinds of payments of a one-time nature.

It seems to me that it is not at all justified to exclude payments for the holding of several positions even at the primary place of work from the considered wage. In particular, this measure again hits the poor. For example, the salary of those directors of musical and vocal circles having a conservatory education is 100 rubles. They are allowed to hold several positions. But if the pension is calculated only from the salary, then they are also doomed to receive a minimum pension.

In my view, the draft law does not provide a worthy solution to the problem of old-age pensions to disabled

war veterans. It is proposed that their old-age pensions be calculated under the general provisions with the addition of a minimum disability pension for the corresponding group. But it is time at least in part to begin to pay that unpayable debt that the state always acknowledges that it has to disabled veterans. For the very youngest of them are 62 or 63 years old and most are 70 or 80 or older. They are dying off. It will be fair, following the example of other countries, to pay the disabled veterans two pensions granted on different bases: for a war injury and for many years of labor. To avoid excessively high outlays, one can stipulate that disabled veterans of war be paid two pensions: an old-age pension and a disability pension of the third group. The sum of these two pensions is not limited to the maximum amount of the old-age pension.

Nor is the problem of the provision of pensions to disabled workers of the first and second groups being resolved as it should be. They, of course, need material assistance no less than do old-age pensioners. Under the draft law, however, their pensions amount to 55 percent of the wage, whereas they can be up to 75 percent of the wage for old-age pensioners. But disabled persons of the first and second groups cannot attain a lengthy period of service precisely because of their disability! It is obvious that here as well the pensions must amount to 75 percent of the wage.

Still another unfairness: in increasing the old-age pension for each year of work, no consideration is given to the period of service after the granting of the old-age pension. Such a solution infringes upon the interests of pensioners and is in conflict with the decisions on the stimulation of their labor.

The draft stresses the direct link with the investment of labor. Is this an unconditional affirmation? As is foreseen, the minimum size of the pensions increases by 11 percent (from 70 to 80 rubles). At the same time, the maximum amount increases from 120 rubles to 414 rubles, that is, by 337 percent. Thus, men with periods of service of 45 and 25 years and the minimum wage receive the same minimum pension. Their investment of labor is not reflected in the size of their pension.

It is proposed that the minimum pensions for a lengthy period of work be raised (by 1 percent of the wage for every year of work beyond the period of service necessary for the granting of an old-age pension).

And, finally, about the mechanism of calculations. The system adopted by the draft law for calculating the average wage is excessively complicated and difficult to understand. It is necessary to seek the number of minimum wages in each wage. The maximum (414 rubles) calculated in this way is unjustifiably high under the conditions of today.

It would be more fair to set the maximum size of the pension at 3.5 times the minimum. Then the maximum

pension will be 280 rubles. To avoid excessive leveling, the maximum should be raised in accordance with the period of service. In this case, the maximum size of the pension for highly paid citizens with a service period of 45 years for men and 40 years for women will be increased by 20 percent and reach 336 rubles.

Subsequently, as the economy is normalized, the ratio of the minimum wage to the maximum pension can change—for example, 1 to 4 etc. Such a version preserves the mechanism of the automatic regulation of the minimum and maximum size of the pension as a function of the increase in the minimum wage.

AUTOMATION, AUTOMATED SYSTEMS

UDC 001.24:Δ65.011.46

Economic Aspects of Introducing FMS Described

904G0019A Moscow MEKHAIZATSIYA I
AVTOMATIZATSIYA PROIZVODSTVA in Russian
No 12, Dec 89 pp 31-32

[Article by Candidate of Economic Sciences R.I. Zabolina: "Economic Evaluation of FMS Incorporation"]

[Text] Developer organizations and user enterprises have a vested interest, under the new conditions of economic operation, in objectively uncovering the dimensions of growth in actual profits provided by the incorporation of flexible automation equipment. The approach toward valuing it proposed herein is aimed at uncovering the effects of the incorporation of FMS [flexible manufacturing systems] on the operational economic (residual) profits of enterprises under the operating conditions of the first form of economic accountability.

This approach is applicable both toward flexible manufacturing systems overall and toward individual elements of them, as well as measures associated with the development and modernization of FMS (for brevity all of these areas will henceforth be called "FMS measures" or simply "FMS").

An analysis of the economic results of other measures of scientific and technical progress (STP) that are implemented concurrently with the automation of production should be performed from the viewpoint of this approach.

A system of indicators should be used to analyze the economic results of the incorporation of flexible automation. The summary indicator in the first form of economic accountability is the increase in enterprise (or shop or product line, if they manufacture commodity output) profit thanks to the incorporation of a given measure.

The quantitative values of the initial results of the implementation of the measures must be determined in order to establish the dimensions of the increase in profits from the incorporation of FMS and their proportionate share of the overall increase in enterprise (shop, product-line) profits in year i compared to a base year: reductions in the labor intensiveness of product manufacture, reductions in the consumption levels of metals (materials), fuel and power, increases in the quantity of working hours (thanks to reductions in idle time) for industrial-production personnel and the like. (The values of these indicators should be reflected in bookkeeping and statistical-reporting documents.) The increase caused by the incorporation of FMS in the residual profits of the enterprise, i.e., allowing for standard deductions from profits, is then determined through the

subsequent performance of a set of accounting computational procedures based on the data of the values of the initial results.

The economic indicators of the incorporation of an FMS should be evaluated from the point of view of the functioning of the whole flexible production system, including its principal elements (SAPR [automated design systems], ASUTP [automated control systems for technological processes], ASUP [automated production control systems] etc.). The economic results allotted to the FMS overall can be subject to further differentiation in accordance with their principal elements.

Each separate measure aimed at improving an FMS put into operation, as well as subsystems and modules of it, is considered a separate factor for raising production efficiency and enterprise profits.

An FMS is in turn a degree of differentiation of a factor of a higher level of generalization—production automation (the direction of STP delineated in the planning and accounting). Production automation is a factor of a higher level of generalization—raising the technical level of production (also delineated in planning and accounting documents); the latter is part of the comprehensive factor of raising production efficiency as delineated by the given methodological approach—the implementation of an aggregate of operational economic measures.

The coding of each measure that suitably reflects its place among the stages of differentiation of the comprehensive factor of raising production efficiency ("Implementation of aggregate operational economic measures") is an essential condition for the correct systematization of information from the economic results of production automation as achieved in the process of the simultaneous effect of a multitude of different factors. The creation of such information will facilitate the more profound economic analysis and, consequently, substantiation of decisions made on automating production and raising its technical level.

The revealing of the size of the actual results of the functioning of an FMS is performed through comprehensive analysis of the increase in profits as expressed by the indicators of enterprise operation in a given reporting period compared to their actual values in the base period. Planned values for the indicators of enterprise operation are utilized when the enterprise has not executed a plan for economic development in the base period.

The corresponding tightening (compared to the level existing at the moment of FMS incorporation) of the norms and standards for expenditures on the production of output produced in a given reporting year serves as a confirmation of the actual effects of the FMS on the ultimate results of enterprise operation. The increase in profits reflected in the ultimate results of production in the dimensions provided by that change is possible only within the framework of the reporting year for the

incorporation of the measure. The increase in profits obtained over the functional period of the measure in the reporting year (allowing for the month of incorporation), however, can where necessary be adjusted for a nominal year. These values are called "year-adjusted" in statistical reporting; they are needed to determine the payback period and efficiency level of spending on specific measures.

The actual increase in profits as a result of the incorporation of an FMS in the next year of the five-year plan can be described either by its size, achieved through the subsequent changes in the norms (compared to those in effect in the prior year) thanks to the more complete utilization of opportunities for intensifying production under the functional conditions of the FMS, or through the size of the economy carried forward.

That economy should also be determined as either actual or nominal-annual. The actual economy is calculated on the basis of data on the average annual size of the direct expenses on product output in the prior year and the effective period of the base (before incorporation) and new (after incorporation) norms for production expenditures for the manufacture of specific items.

The nominal annual economy is calculated as the difference between the annual nominal (year-adjusted) economy for the prior year and the portion of the economy of the same (prior) year obtained allowing for the time of incorporation of the measure.

The quantitative value for the increase in residual enterprise profits ΔP_{xg} in period i from a given measure is determined according to formula (1),

$$\Delta P_{xg} = (\Delta P_{rg} - (E_r \Delta F_g + E_r \Delta S_g + \Delta P_{crg}) - E_{ded} \Delta P_{nom.g} \pm \Delta P_{wc.g} \pm \Delta P_{fg} \pm \Delta P_{wcr.g}) = \Delta P_{nom.g} - E_{ded} \Delta P_{nom.g} \pm \Delta P_{fg} \pm \Delta P_{wc.g} \pm \Delta P_{wcr.g}$$

where ΔP_{rg} is the actual increase in profits from product sales obtained through the FMS in period i , in thousands of rubles; ΔF_g is the change in the average annual value of production funds in connection with the operational start-up of the FMS, in thousands of rubles; E_r is the standard payment for labor resources, in thousands of rubles; ΔS_g is the change in the number of workers caused by the operational start-up or expansion of FMS in period i ; ΔP_{crg} is the change in the total payments for short-term credit associated with the incorporation of FMS, in thousands of rubles; E_f is the standard payment factor for production funds, unit share; E_{ded} is the standard deduction from nominal profits for the budget and ministry, unit share; $\Delta P_{nom.g}$ is the total nominal profit from the incorporation of the given measure that remains after allowing for payments for production funds, labor resources and interest for short-term credit in the increase in profits from sales, thousands of rubles; ΔP_{fg} is the increase in profits from reductions in penalties and fines in the reporting year compared to the preceding one, thousands of rubles; $\Delta P_{wc.g}$ is the increase in profits from reductions in payments for working

capital, reductions in which were achieved thanks to a decrease in the duration of the production cycle for the manufacture of items under the FMS functional conditions, thousands of rubles; and, $\Delta P_{wcr.g}$ is the increase in profits from reductions in payments for working capital over and above the standards, in thousands of rubles.

The actual impact of the incorporation of FMS on enterprise profits is characterized by the proportionate share of the increase in residual profits obtained via FMS incorporation (U_{rxg}) in the overall increase of residual enterprise profits in period i in percent (2):

$$U_{rxg} = (\Delta P_g : \Delta P_{ir}) 100,$$

where ΔP_{ir} is the overall increase in residual enterprise profits directed toward FES, in thousands of rubles.

In determining the profits obtained thanks to the incorporation of FMS (ΔP_{rg}), one portion of it (created by the economy of direct expenditures) is revealed through accounting methods on the basis of the initial information on expenditures for product output. Another portion, created by the increase in production volume and the corresponding rise in profits from increased sales volume, as well as reductions in indirect expenditures per unit of product output, is determined through computational methods—based on the actual data on all of the enterprise product output with the subsequent discovery of the share values of changes in product sales volume, and the increase in profits from increased sales volume and the economy of nominally fixed expenditures through the effects of certain comprehensive factors, including the FMS.

The incorporation of FMS reduces the time for production preparation, as well as the manufacture of new items, and facilitates an acceleration of enterprise product output with improved consumer properties. The preconditions are consequently created, under the functional conditions of an FMS, for a rise in the level of product profitability via the inclusion of additional profits for the new consumer values being created in the contract prices for the new items during the needed time periods.

The quantitative values of this additional profit (P_{qg}) are determined according to formula (3):

$$P_{qg} = (Re - Re_{prior}) RT_{nn} k_{reng},$$

where P_{qg} is the total increase in enterprise profits thanks to the rise in quality and utility of new items being produced under the functional conditions of an FMS and sold at contract prices, in thousands of rubles; Re and Re_{prior} are the average planned profitability of one thousand rubles of product actually sold in the reporting and prior years respectively, in unit shares; RT_{nn} is the total sales of the new output in the reporting and prior years calculated at plan cost (thousands of rubles based on the data of current accounting; and, k_{reng} is the proportionate share of the FMS among the overall factors providing the preconditions for the inclusion of

additional profits in the contract price for quality and utility, in unit shares (determined by experts).

$$(4) \quad Re = P_n : RT_{nn},$$

where P_n is the total profit from the sale of new product in the reporting year calculated according to plan data (based on plan indicators or plan calculations and current accounting), in thousands of rubles.

$$(5) \quad Re_{prior} = P_{prior} : RT_{prior}$$

where P_{prior} is the plan profit from the product actually sold in the prior year (from statistical-reporting form No. 12), in thousands of rubles; and, RT_{prior} is the total cost according to the plan of the product actually sold in the prior year, in thousands of rubles (from statistical-reporting form No. 12).

An estimate of the actual economic efficiency of expenditures on an FMS is performed based on the indicators of the actual payback period T_g or the actual efficiency factor of the one-time investments in this measure E_g in year i of the five-year plan. If the FMS has not been functional for a full reporting year, the numerical values of these indicators can be determined on the basis of data on the increase in residual profits (from the given measure) computed for the nominal year according to the increase in it actually achieved in the reporting year (ΔP_{xg}).

$$(6) \quad T_g = K_g / \Delta P_{rg};$$

$$E_g = \Delta P_{xg} / K_g,$$

where K_g are the actual one-time expenditures on the FMS according to estimated cost allowing for expenditures of past years, in thousands of rubles.

A conclusion on the economic efficiency of expenditures on an FMS should follow from the comparison

$$(7) \quad T_g \quad T_n,$$

$$E_g \quad E_n,$$

where T_n and T_n are the standard values for the payback period and the absolute economic efficiency of capital investments respectively in years and unit shares.

The practice of employing this approach to estimating the actual effect of an FMS on enterprise profits provides an objective value of the efficiency of FMS incorporation, as well as making possible the organization of effective economic incentives in an important area of scientific and technical progress under conditions of enterprise self-financing.

Experience shows that a definite increase in economically accountable profits has been achieved in the automation of production at a machine-building plant.

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MOTOR VEHICLES, HIGHWAYS

Cost of Shutting Down VAZ Plant for 1 Day Estimated

904H0130A Moscow ZA RULEM in Russian
No 12, Dec 89 p 9

[Article: "How Much Does One Day of Downtime of the VAZ Main Assembly Line Cost?"]

[Text] First of all, 2640 motor vehicles will not be assembled, which at retail prices constitutes approximately 26 million rubles. The plant collective will be short 859,500 rubles of wages (an average of 11 rubles, 41 kopecks per worker). The direct damages and losses due to a shortfall of profit are 2,674,000 rubles, including 2,217,000—loss of the social development fund (this is the cost of a 250-apartment house). In addition, 359,000 rubles for the material incentive fund will be lost—this fund serves as the source of a number of benefits (subsidies for catering, free dinners on the night shift, benefits for families with many children, extra pay for length of work on the assembly line, etc.). As we can see, both the consumers and the plant workers and the economy as a whole incur appreciable losses.

These data were published in the newspaper VOLZHSKIY AVTOSTROITEL.

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Light Vehicle Statistics Issued

904H0130B Moscow ZA RULEM in Russian
No 12, Dec 89 p 9

[Statistics from reports of Glavkultbytorg of the USSR Ministry of Trade]

[Text] According to reports of Glavkultbytorg of the USSR Ministry of Trade, the available market of passenger vehicles in 1988 was 754,600 units. The distribution by individual models is as follows:

VAZ Motor Vehicles—418,700, including:	
VAZ-21013	1,500
VAZ-2104 and modifications	11,807
VAZ-2105 and modifications	24,775
VAZ-21063	216,890
VAZ-2107 and modifications	28,457
VAZ-2108 and modifications	48,292
VAZ-2109 and modifications	46,736
VAZ-2121	40,243
"Moskvich" Motor Vehicles—85,447, including:	
"Moskvich-2140"	70,447
"Moskvich-2141" and "Moskvich-21412"	15,000

IZh Motor Vehicles—127,857, including:

IZh-412	80,357
IZh-21251	47,500

ZAZ Motor Vehicles—88,287*, including:

ZAZ-968M	63,776
ZAZ-968M-005	9,000
ZAZ-968MG	394
ZAZ-968MD	6,198
ZAZ-968MB	5,806
ZAZ-968MR	1,013
ZAZ-1102	2,100

LuAZ Motor Vehicles: LuAZ-969M—12,065

"Volga" Motor Vehicles—22,250, including:

GAZ-24-10	21,164
GAZ-24-12	1,086

* The number of ZAZ motor vehicles with manual control received for retail trade at full cost. Not included here are cars distributed to social security organs on preferential terms for disabled persons.

The available market of motorcycles, motor scooters and mopeds, including imported ones, was 1,371,371 in 1988. The distribution by individual models is as follows:

IZh Motorcycles—361,617, including:

"IZh-Planeta-5"	68,800
"IZh-Planeta-5K"	68,000*
"IZh-Yupiter-5" and "IZH-Yupiter-5-01"	16,400
"IZh-Yupiter-5K" and "IZH-Yupiter-5-01K"	208,417

MMVZ Motorcycles: MMVZ-3.112.11—219,917

"Riga" Mopeds and Mokiki—197,107, including:

"Riga-13"	119,020*
"Riga-24"	51,187*
"Riga-30"	26,900*

"Ural-IMZ" Motorcycles: "Ural-IMZ-8.103.10"—111,000

"Voskhod" Motorcycles: "Voskhod-ZM"—115,372

"Dnepr" Motorcycles: "Dnepr-11.02"—100,097

LMZ Mopeds: LMZ-2.161 "Karpaty-2S"—124,411*

TMZ Motor Scooters and Motorcycles—51,596, including:

"Muravey-2M-01"	47,740
"Tulitsa-02M" TMZ-5.301.02	3,856

YaVA Motorcycles: YaVA-638 (CSSR)—90,200

* The increase in the sale volume over the volume produced (ZA RULEM, No 9, 1989) is caused by the available reserve of models manufactured in 1987.

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Vehicle Specifications Compared

904H0130C Moscow ZA RULEM in Russian
No 1, Jan 90 pp 1-2

[Article from the Division of Science and Technology of
ZA RULEM]

[Text] Our industry manufactures about 1.3 million passenger vehicles yearly. Of them, 60-61 percent are for retail sale (including cars with manual control at full price), 25-27 percent are exported, and 13-14 percent are obtained by State organizations (including taxi fleets, institutions, the police, sovkhoses and also social security organs, which distribute motor vehicles with manual control on preferential terms for disabled persons). This is the balance. The journal has already been publishing all this information on production, retail sale and export, as well as on the fleet of passenger vehicles available in the country, regularly for several years (1989, Nos 8-11).

According to our calculations, by the beginning of this year the number of passenger vehicles in individual use was 15.5 million. This is only 50 cars per 1000 of the country's inhabitants. The demand, however, as estimative data attest, is considerably higher. The USSR Ministry of Automotive and Agricultural Machine Building feels that it is only 44 percent satisfied. In other words, while from 754,600 motor vehicles (1988 data) to 820,000 (1987 data) are put on retail sale, the yearly demand should be estimated as from 1,715,000 to 1,864,000 cars. The trade organizations lean toward a figure of 4 million a year.

As we can see, the passenger vehicle has become a desired purchase for many, and the striving of the buyers to know the retail prices of individual models and their consumer features is a natural one. We are convinced that the price, along with the fuel consumption, capacity, speed and other technical data, determine the image of any model or modification, and we intend to give a consolidated table of this information by motor vehicles entering the retail trade network.

The technical specifications for the table are borrowed from the product list handbooks of the Ministry of Automotive and Agricultural Machine Building (data on models with manual control are identical in general with the base models). Information on the retail prices is taken from the appropriate price lists of the USSR Goskomtsen. These are the basic prices, that is, without discounts or extra charges that depend on the car equipment. It is impossible to give all of them here, since they are determined by the installation of additional equipment (for example, rear window cleaning and heating), various trim materials (fabric upholstery for the seats, metallic enamel paint, etc.), and other equipment (a different type of tire, different fuel systems or electrical equipment) and other special features of the vehicles. One can familiarize oneself with these discounts and extra charges, and with the proper base retail prices from the price lists of USSR Goskomtsen. All stores dealing in motor vehicles have them.

How much do the type classifications of passenger models and their modifications correspond to the demands of the market? To obtain specific price data, our journal, in conjunction with the Institute of Comprehensive Transport Problems at USSR Gosplan, conducted a survey among the readers, "Kakoy nam nuzhen avtomobil?" [What Kind of a Motor Vehicle Do We Need?] (1989, No 7). The first part of the questionnaire has been processed. Work is continuing, but we can already compare our data with the information on retail sale of passenger vehicles in 1989. The analysis showed that 47 percent of those answering the questionnaire would prefer a car with a "hatchback" body (like the VAZ-2109, ZAZ-1102, Moskvich-2141) or "all-purpose" body (like the VAZ-2104). Motor vehicles with these bodies, however, constituted only 22 percent of the total retail sale volume. The domestic sale of four-wheeled drive passenger vehicles was only 7 percent of the total sale volume, and the future demand, according to this questionnaire, is 33 percent. As for front-wheel drive models, the ratio between sale and demand here is 15 and 41 percent.

Model	Retail price, rubles	Year and number of ZA RULEM with description	Cylinder displacement, cc	Horse power	Octane number of fuel	Wheel arrangement	Number of gears	Seating capacity and number of doors	Length, in mm	Weight, equipped, kg	Acceleration time to 100 km/hr, sec.	Top speed, km/hr	Fuel consumption, l/100 km		
													At 90 km/hr	At 120 km/hr	GTs—city driving
VAZ-1111 "Oka"	3500	1987-9	649	29	93	4 X 2	4	4 - 3	3210	650	30	120	4.5	—	6.0

TRANSPORTATION

Model	Retail price, rubles	Year and number of ZARULEM with description	Cylinder displacement, cc	Horse power	Octane number of fuel	Wheel arrangement	Number of gears	Seating capacity and number of doors	Length, in mm	Weight, equipped, kg	Acceleration time to 100 km/hr, sec.	Top speed, km/hr	Fuel consumption, l/100 km		
													At 90 km/hr	At 120 km/hr	GTs—city driving
VAZ-2104 "Zhiguli"	9100	1985-1	1294	64	93	4 X 2	4	5 - 5	4115	1020	18.5	137	7.5	10.2	10.2
VAZ-2105 "Zhiguli"	8300	1980-6	1294	64	93	4 X 2	4	5 - 4	4130	995	18	145	7.3	10.2	10.2
VAZ-21051 "Zhiguli"	8270	1986-8	1198	59	93	4 X 2	4	5 - 4	4130	995	20	142	7.2	9.8	10.5
VAZ-21053 "Zhiguli"	8350	1986-8	1451	72	93	4 X 2	4	5 - 4	4130	995	17	152	7.4	10.4	10.6
VAZ-21063 "Zhiguli"	9000	1986-8	1294	64	93	4 X 2	4	5 - 4	4166	1045	19	145	7.6	10.4	10.4
VAZ-2107 "Zhiguli"	9720	1981-5	1451	72	93	4 X 2	4	5 - 4	4145	1030	15	152	7.9	10.7	10.9
VAZ-21072 "Zhiguli"	9700	1986-8	1294	64	93	4 X 2	4	5 - 4	4145	1030	19	145	7.6	10.4	10.4
VAZ-2108 "Lada-Sputnik"	8300	1984-11	1289	64	93	4 X 2	4	5 - 3	4006	900	16	150	5.7	7.8	8.6
VAZ-21083-02 "Lada-Sputnik"	8650	1988-1	1499	70	93	4 X 2	5	5 - 3	4006	900	15	155	5.9	8.0	8.6
VAZ-2109 "Lada-Sputnik"	9000	1988-1	1289	64	93	4 X 2	5	5 - 5	4006	915	16	148	5.7	7.8	8.6
VAZ-21093 "Lada-Sputnik"	9200	1988-1	1499	70	93	4 X 2	5	5 - 5	4006	915	15	155	5.9	8.0	8.6
VAZ-2121 "Niva"	9000	1977-5	1568	76	93	4 X 4	8	5 - 3	3720	1150	23	132	10.5	13.1	13.4

Model	Retail price, rubles	Year and number of ZARULEM with description	Cylinder displacement, cc	Horse power	Octane number of fuel	Wheel arrangement	Number of gears	Seating capacity and number of doors	Length, in mm	Weight, equipped, kg	Acceleration time to 100 km/hr, sec.	Top speed, km/hr	Fuel consumption, l/100 km		
													At 90 km/hr	At 120 km/hr	GTs—city driving
GAZ-24-10 "Volga"	16200	1988-4	2445	100	93	4 X 2	4	5 - 4	4735	1400	19	147	9.3	12.9	15.0
GAZ-24-12 "Volga"	19400	1988-4	2445	100	93	4 X 2	4	7 - 5	4735	1540	21	145	10.4	14.5	16.0
ZAZ-968-ME "Zaporozhets"	4100	1986-8	1198	45	76	4 X 2	4	4 - 2	3765	840	35	123	7.4	—	10.5
ZAZ-968M "Zaporozhets"	3900	1980-1	1198	40	76	4 X 2	4	4 - 2	3765	840	38	118	7.4	—	10.5
ZAZ-968M-005 "Zaporozhets"	3500	1986-8	887	28	76	4 X 2	4	4 - 2	3765	820	28	102	7.8	—	12.0
ZAZ-1102 "Tavriya"	5100	1988-1	1091	51	93	4 X 2	5	4 - 3	3708	710	18	140	4.6	6.6	6.8
IZh-21251 "Kombi"	7800	1982-6	1478	75	93	4 X 2	4	5 - 5	4196	1100	19	142	8.3	10.8	11.3
LuAZ-969M	5100	1978-10	1198	40	76	4 X 4	5	4 - 3	3390	960	36	90	10.0	—	—
"Moskvich-412IE" (IZH)	7100	1982-6	1478	75	93	4 X 2	4	5 - 4	4199	1045	19	142	8.0	10.6	11.3
"Moskvich-2141"	9600	1986-5	1568	76	93	4 X 2	5	5 - 5	4350	1070	15.5	155	6.2	8.4	10.0
"Moskvich-21412"	9600	1988-8	1478	72	93	4 X 2	5	5 - 5	4350	1070	17.8	155	5.9	8.0	9.9
UAZ-31512-01	14500	1986-9	2445	80	76	4 X 4	8	7 - 5	4025	1590	24	110	11.3	—	—

For all VAZ models, the net power is rounded off in accordance with GOST 14846-81. The differences from the methodology earlier used for measuring it will be dealt with in one of the next issues.

Model	Retail price, rubles	Year and number of ZARULEM with description	Cylinder displacement, cc	Horse power	Octane number of fuel	Wheel arrangement	Number of gears	Seating capacity and number of doors	Length, in mm	Weight, equipped, kg	Acceleration time to 100 km/hr, sec.	Top speed, km/hr	Fuel consumption, l/100 km		
													At 90 km/hr	At 120 km/hr	GTs—city driving

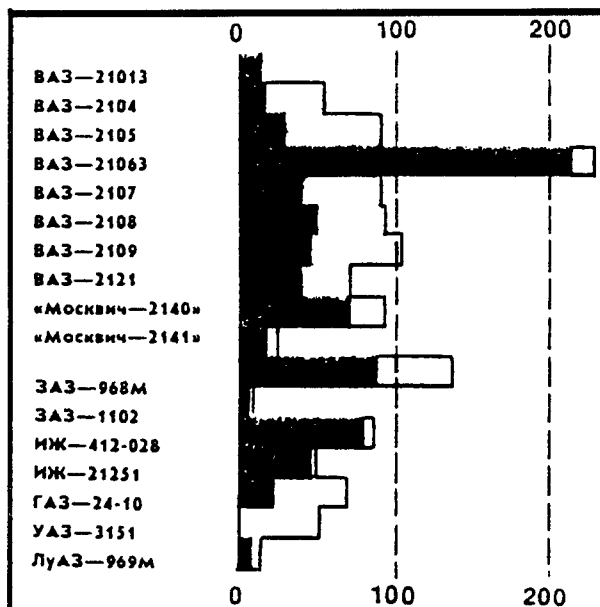
The top speed and acceleration time to 100 km/hr are assumed with the driver and one passenger. For the ZAZ-968M-005, LuAZ-969M and UAZ-31512-01, the acceleration time to 80 km/hr is given. For the LuAZ-969M and UAZ-31512-01, the fuel consumption is not at 90, but at 60 km/hr.

GTs—city driving (ZA RULEM, No 10, 1986). A dash indicates lack of data. Retail prices correspond to those in effect on 1 December 1989.

The table of models offered for readers contains no station wagons (mini-vans) with increased capacity, diesel models, vehicles with so-called peripheral modifications (differential interlocking, drip pan under the engine, studded tires, towing hitch, etc.), because the industry is not yet producing them. The demand showed that these groups of motor vehicles would be preferred, respectively, by 13, 38 and 61 percent. Sectorial management has something to think about.

It is noteworthy that 69 percent of those answering the questionnaire gave their preference to cars with four side-doors. At present, this version of the front-wheeled drive "Lada" is being produced—VAZ-2109, and the Kommunar Plant is testing its five-door version the ZAZ-1105, based on the ZAZ-1102. The questionnaire also revealed an unexpected prejudice against the cheapest and most economical vehicles of the first group of the particularly small class (Oka type). It was shown in the fact that only 13 percent spoke out in favor of a model with a retail price of from 3000 to 4500 rubles. Unfortunately, our consumer is completely unfamiliar with the modern cars of this group. It is possible that with the development of production at YelAZ in the next few years, this sort of rating of these vehicles will change.

Let us hope that the appearance on our market of cars from Yelabug, along with the Oka and the Tavriya, will make up for washing the inexpensive models from the proposed assortment, which has been steadily taking place in the last 15 years. It is also to be hoped that there will be an end to the rise in prices for motor vehicles, with retention of their consumer qualities. Reader D. Boldovskiy writes about this from Kursk, with an alarm easily understood by motor vehicle drivers: "Of course, the country needs money, and we all understand this, but such methods must not be used to take money out of the consumer's pocket." At the same time, D. Boldovskiy asks why, for example, the Moskvich-2141, with a whole-sale price of 3100 rubles, is sold retail for 9600 rubles. The motor vehicles of the Volga Plant are sold with approximately the same difference. The question as to why this was happening was also raised at the conference



The Ratio of the Production Volume (in gray) and the Retail Sale (in black) of Passenger Vehicles in the USSR in 1988. Horizontally—number of cars (thousand units).

of the Council of the VAZ Work Collective. This is how A. Yasinskiy, VAZ director of Economics and Planning, answered it there: "We are carrying out the State regulation on certain types of goods. There is a specific tax on their sale. After all, the State pays a subsidy amounting to about 100 billion rubles to enterprises producing, for example, food products and medical preparations and items. How can this subsidy be covered? With a turnover tax on commodities which are not objects of primary necessity and are items for increased comfort or even luxury items. This tax is being collected."

The principle is just. In our activity, however, it in no way rules out an arbitrary approach to the establishing of

retail prices. We note that the State is in charge of this tax (the difference between the retail and wholesale price). As for the motor vehicle plant, it has at its disposal the income in the form of the difference between the wholesale price established for it and the production cost of the vehicle.

Here are a few of the important correlations involved in motor vehicle prices. We make no secret of them, they are keenly perceived by motor vehicle drivers, just as everything pertaining to the shortage of motor vehicles. We are planning to give our readers detailed information on the situation in this sphere and on market provision, including the assortment of models.

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VAZ-21099 Highlighted

904H0130D Moscow ZA RULEM in Russian
No 1, Jan 90 p 5

[Article by Yu. Papin, head designer of Production in Operation of VAZ: "A Front-Wheel Drive Sedan"]

[Text] In the fourth quarter of this year the Volga Automobile Plant will begin series production of a new model—the VAZ-21099. With its development, front-wheel drive cars will be represented in the VAZ program by three- and four-door hatchbacks, as well as by a sedan. A few comments are appropriate here.

The distribution of a design with front-wheel drive began with vehicles of a particularly small class: at best it permitted seating four adults in a short, "hatchback" type body. As for the small class to which VAZ vehicles belong, with a body about 4 meters long, it was possible to give up being limited to only the "hatchback" variant, and to make a "sedan" version along with it.

All the major world firms solved the output of the two models at the same time: Volkswagen (Golf and Jetta), Ford (Escort and Orion), FIAT (Ritmo and Regatta, Uno and Duna), Toyota and Opel (different versions of the Corolla and Kadett). The market situation showed them that for all the attractiveness and all-purpose nature of the transformed body (hatchback), some of the buyers prefer a three-compartment sedan. This was to some extent affected by conservative taste, and the idea of a sedan being a more prestigious car. It also has indisputable practical advantages as well, however: a separate luggage compartment, completely isolated from the passenger space, greater convenience when transporting certain loads (let us say, a can of fuel). Since the volume of the interior is smaller than that of a hatchback, it warms up more quickly and does not cool off so rapidly as with the opening of the rear door of the hatchback. The rear window of a sedan does not get covered with mud. In a word, each body type has its own advantages and disadvantages, and its own adherents and opponents. We hope that the appearance of the new model will somewhat expand the selection possibility for the

buyer and strengthen the plant's position on the domestic and export markets.

The VAZ-21099 vehicle combines good driving qualities and the modern look of the front-wheel drive models with the comfort of the traditional "sedan" body. It will be assembled on the same conveyor belt with the earlier developed models, VAZ-2108, "2109." The sedan is maximally standardized with them with respect to the power unit and chassis and body assemblies. The car will be fitted out with a 1.5-liter VAZ-21083 engine and a five-speed transmission, and is to be equipped with a 1300 cc engine. As can be seen in the photographs, the design of the front part of the body is analogous to the VAZ-21083 model (ZA RULEM, No 4, 1989—Ed)—there is no "mask" on the radiator, the hood and fenders are elongated and the radiator shell has changed. The rear of the car has been modernized: a short, relatively high luggage compartment—a tribute not only to fashion, but also to aerodynamic requirements.

The overall length of the VAZ-21099 sedan is 199 mm longer than the VAZ-2109 hatchback: the rear overhang of the vehicle has increased. Its weight has accordingly increased (by 35 kg), which, incidentally, has been virtually unreflected in its fuel-speed and dynamic characteristics. The design of the interior, and its basic dimensions, which determine the seating comfort of the passengers, are the same as in the VAZ-2109. Due to the compact design of the suspension, it was possible to achieve a luggage compartment volume of 0.4 m³—7 percent larger than the classic design of the Zhiguli. As in the hatchback, the rear seats can be easily folded back, which increases the volume of the luggage compartment and makes it possible to transport quite long, clumsy items. This design was not formerly encountered in domestic sedans. Access to the luggage compartment is facilitated by the fact that its lid opens at an unusually large angle (80°). The partitions are shaped from sheet plastic. The spare wheel is located under the floor and is accessed from the luggage compartment. The volume and location of the fuel tank are the same as in the VAZ-2108, "2109" hatchback.

A number of body parts are interchangeable with those used in models produced earlier: the hood, radiator shell and front fenders—with VAZ-21093, the doors—with all VAZ-2109, the front bumper and lights—like the VAZ-2108, "2109". Decorative inserts are specified for the door lining panels. The rear window has an electric heater. Some of the cars are to be painted with enamel paints with a decorative "metallic" effect.

The microprocessor ignition system and electronically controlled carburetor will be introduced in stages. New elements of equipment are specified for the future, to increase the comfort: a "deluxe" type steering wheel, a changed instrument panel in two variants—with needle and digital electronic indicators, additional indicators for the in-car control system, and an in-car computer, and doors interlocking electrically from the driver's seat.

Depending on the car's equipment with the above listed devices and instruments, the corresponding charges added on to the initial price (roughly—9400 rubles) will be collected from the purchaser.

A Brief Technical Description of the VAZ-21099 Motor Vehicle

General data: seating—5; number of doors—4; weight, equipped—950 kg; top speed—154 km/hr; acceleration time from rest with driver and one passenger—14 sec; fuel consumption at a speed of 90, 120 km/hr and in city driving—respectively, 5.9; 8.0 and 8.9 l/100 km; fuel capacity—43 liters. **Engine:** model—VAZ-21083; number of cylinders—4; cylinder displacement—1499 cc; compression ratio—9.9; power—70 hp/52 kw at 5600 rpm. **Transmission:** clutch—dry, single-disk, with closed engagement drive; gear box—five-speed (I—3.636; II—1.95; III—1.357; IV—0.941; V—0.784; reverse—3.53); gear ratio of final drive—3.7 or 3.9. **Steering Control—**rack. **Braking:** drive—hydraulic with vacuum booster, two-loop, separate on diagonal; front-wheel mechanisms—disk, rear—drum. **Tires—**size 165/70R13.

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RAIL SYSTEMS

Poor January Rail Performance, Accidents Cited

904H0316A Moscow GUDOK in Russian 6 Feb 90 p 1

[Article by V. Sluzhakov: "The Rhythm of the Network—Without a Second Wind"]

[Text] Despite the plans drawn up at sectorial headquarters, transport continues to move at a downward rate. Yesterday's selector conference, at which V. Ginko, first deputy minister of Railways, summed up the January results, left no doubts on this score. Almost 8.5 million tons have not been shipped, since the beginning of the year. Only 15 roads coped with the plan. Moreover, only seven managed to keep within the expenditure norms. The rest worked on the principle: minimum work, maximum expenditures. As a result, 55 million rubles of transport profits were lost.

It is surprising, but passenger transport was not fulfilled either. For example, just as before, it was impossible to travel by certain trains. At the same time, checks established that the number of people traveling without tickets is growing unrestrainedly. The control organs, to all appearances, are no longer capable of influencing the situation.

The South Urals, West Siberian, Sverdlovsk and other roads are openly ignoring the plan for making up trains. Some 1500 freight consists were recorded as having been dispatched to the wrong destination. They cost the collectives 19 million rubles in losses. And how many of them were there really?

There is virtually no indicator that would inspire even any optimism. A very serious situation is forming with respect to traffic safety. There were 6 accidents, 12 wrecks and 3700 cases of defective items in only one month. There has not been such an outbreak for a long time.

One gains the impression that the efforts of sectorial headquarters are increasingly sinking into the sand. This is shown particularly clearly in the interaction with the clientele. On some days the remainders of unloaded cars reach 40,000. This is a catastrophic figure. It was only in the last few days that we succeeded for the first time in somehow putting this process straight. You cannot call what is being created at the unloading fronts anything but anarchy. There are dozens of publications on this subject, and an endless flow of complaints to the editors from the railroad workers—and no major steps taken toward a way out of the crisis situation. Alas, even the efforts of the special commission of the Council of Ministers, formed on the orders of the Chairman of the government, gave no noticeable yield, just like last year's abundant "incentives" of the Committee for People's Control.

The most characteristic thing is the fact that so far sectorial specialists have found no economic model which would, within the framework of rigid centralization, help to give transport a second wind. Indeed, is this realizable?

Track Maintenance Plans, Costs Viewed

904H0136B Moscow GUDOK in Russian 6 Feb 90 p 2

[Article by O. Skvortsov and V. Dyakonov, lead scientific associates of VNIIZhT [All-Union Scientific Research Institute of Railroad Transport]: "Innovations in Renovation: How Long Should the Rails Serve?"]

[Text] The cost of the fixed capital of the permanent way is presently estimated as over 26 billion rubles. It costs over a billion rubles a year for its renovation—restoration. A tremendous amount of capital! It would be naive to suppose that the track men of the roads themselves can find this money, particularly since the transition to the principles of full cost accounting and self-financing. The capital to acquire new rails, ties and braces has to be sought not only from the amortization fund but also, as before, from the centralized sources of transport as a whole.

The role of amortization deductions, however, is considerably growing under the new conditions. To a certain extent, the actual nature of them is changing. For enterprises, they have essentially become an integral part of their revenues, which are directed toward replacing the tracks.

It is this that has exacerbated the problem of improving the actual mechanism of forming and utilizing the amortization fund. The main thing here is to establish correctly the service life of the permanent way. This

problem is by no means simple and is ambiguous. After all, the fixed capital is not becoming obsolete as quickly as is, let us say, the rolling stock. With the increased speeds of the traffic, weight of the trains and loads on the axles of locomotives and cars, however, not only are the qualitative requirements for the rails rising, but their wear is also accelerating. Technical progress seemingly brings about the tendency toward shortening the service life of the permanent way.

As far back as 1982, in the article "Skolko sluzhit relsu" [How Long Should the Rails Serve], published in GUDOK, we posed the question of the absurd, economically unjustified, thoughtless periods for amortization of the permanent way in 500 years. No, we were not mistaken: this norm is still in effect, forming a completely false view of the durability of the structures, and at the same time excusing the by no means complete satisfaction of the demands of the track men for rails, ties and fasteners.

Things have reached the point where some people have begun to express their intentions to cut back the production capacities at the corresponding enterprises. This is at a time when there is a persistent demand to increase and improve them. Wholesale prices for rails and fasteners have begun to rise, since the Ministry of Railways, being constantly hungry for them, has paid little attention to the prices.

To what has all this led? Right now about 20 percent of the fixed capital of the permanent way is worn out, and the tonnage put through considerably exceeds the norm.

In the situation that has formed, some specialists have begun to pose the question of developing "perpetual" rails, capable of putting through 1-1.6 billion tons. It is highly unlikely that they will succeed in solving this problem. No country in the world has such serious operating conditions as ours. It is hard to imagine materials that would be suitable for the manufacture of more wear-resistant rails. True, in the last few years considerable progress has been achieved in rail production, but the service life of all the permanent way structures has hardly increased. The point is that the durability of the structure is determined by its weak link. That is not always the rails.

No matter how drastic the measures taken, it is almost impossible to achieve a substantial prolongation of the service life of the permanent way. The intensiveness of railroad operations will increase. This means that it is totally impossible to curtail the production of rails and fasteners. On the contrary, it must be increased, and the quality raised.

On the basis of these realities, a policy must be formed to amortize the fixed capital of the track installations. Orientation toward perpetual structures is leading down a blind alley. So how long should the rails actually serve?

A plan has now been drawn up for new amortization norms. Not counting the scrap value (worn-out rails on

main tracks are not immediately remelted, but are laid at stations, approach tracks of enterprises, etc.), the norm is a little over 20 years. This will be an unquestionable achievement, but not a record in world practice. In the United States this period is only 15 years.

In our opinion, very little has been decided on. In order to accelerate the accumulation of resources for renovation, the actual procedure for amortization deductions should be changed. The leading countries have long been aware of the need for this.

For example, the United States, as early as 1981, adopted a law permitting accelerated amortization of fixed capital, which is already being applied in practice in some sectors of this country's economic system. What is it, essentially? With accelerated amortization, as a rule, higher, of course, scientifically substantiated coefficients are used. For example, when the service life of fixed capital is up to four years, this coefficient is taken as equal to 1.5, up to five or six years—2, over six—2.5. As a result, 50 percent of their cost can be written off for amortization as early as the first year of operation.

How will this sort of solution look in our practical work? Given the balance cost of the permanent way, as has already been noted, 26 billion rubles under the presently adopted conditions of extra charge for amortization, constitutes 1.25 billion rubles. If the accelerated conditions are adopted, they will more than double, and will constitute 3.12 billion rubles.

This will considerably expand the possibility of renewing the fixed capital. The task of the track installation enterprises is not to reduce the amortization fund for the sake of increasing revenue, but for the sake of accumulating it judiciously. The position of the road division and administration is also important. In increasing the amortization on sections where the new permanent way has just been laid, we must try not to raise the cost of transport on the whole. In the last few years, amortization expenditures have been dropping, and this will contribute to an increase in profits. At the same time, there will be funds to renew the track on other sections.

Under the conditions of full cost accounting and self-financing, the fund for the development of production, science and technology is an important source for financing work to renew the permanent way. Its amounts will depend on the scale of the fixed capital and on the end results of the work of the track men. This fund is made up of the profits withholdings remaining at the disposal of the enterprises from the amortization deductions for complete restoration in accordance with the norms, as well as the proceeds from selling worn-out property.

Right now an important component of this fund—amortization deductions—is being clearly undervalued. This attitude can change, and the more decisively, the better. We need a competent, scientifically substantiated amortization policy.

October Rail Safety Examined

904H0078A Moscow GUDOK in Russian 1 Dec 89 p 2

[Unattributed article: "October Traffic Safety"]

[Text] Last month, the situation with respect to insuring traffic safety was extremely aggravated. In comparison with the same period of last year, the number of crashes grew almost twofold (seven versus four). The situation also worsened in comparison with the previous months of this year.

Two cars on a passenger train left the tracks at the station of Kazanka on the Odessa Railroad because of a widening of the gauge on a curved frog switch. Fortunately, people were not injured.

On the Transcaucasian's Tbilisi Hub-Tbilisi Passenger section, the locomotive crew of train No 2004 hit the rear of train No 2340, which was stopped in front of it, at 2000 hours on 14 October, having resumed movement after stopping near a closed passing signal. A tank car with gasoline was damaged in the middle of the consist and a fire broke out. They tried to remove part of the railcars from the section. However, the burning group of railcars, which were not fastened with shoes, started to move and caught up with the front part of the train, which was being removed, and hit it. The consequences were serious. It is sufficient to say that traffic was restored only after days.

At the station of Adayubzha on this same railroad, nine rail cars left the track at a switch on 17 October during the receipt of freight train No 2305. This involved a protracted interruption in traffic on the Samtredskoye Division. The true cause of the wreck has still not been established. The railroad is clearly attempting to avoid responsibility.

That same day, a Bukhara depot locomotive crew on the Central Asian applied the brakes late when operating a freight train. Having gone through an inhibiting signal on a pre-entrance traffic light, the consist hit the rear portion of a freight train that had stopped near a closed entrance signal at the station of Superfosfatnaya. Engineer Safarov, who was guilty of what happened, was seriously injured.

On the Central Asian's Chardzhouskoye Division, 14 cars on a freight train left the tracks while traveling on a single-track section. The track and rolling stock were damaged. The losses reached almost 100,000 rubles. Here, just as on the Transcaucasian, instead of finding the true reason, a far-fetched version is being put forward—"the displacement of the wheel hub." This was not confirmed by the investigation's materials submitted to the Ministry of Railways. Evidently, these railroads consider it quite normal to smooth over the situation and shift blame to their neighbors. If such a position lies at the base of preventive and indoctrinational work, the result is quite natural.

The last wreck in October occurred on the Azerbaijan. An electrical mechanic at the Iskanderov signaling, centralization and interlocking system violated safety requirements at the station of Kyurok-Chay while eliminating a breakdown in the switches (the loss of position control). He separated the control link and transferred the switch points with a driving wrench without even making a note in the special log. As a result, an electric locomotive and 17 cars in a freight train left the tracks. They managed to restore train traffic after 20 hours.

Previously published surveys have talked about the unsatisfactory insurance of traffic safety on the Volga Railroad, especially in shipping. During the first 10 months of this year, the railroad has allowed: a wreck and an accident involving passenger trains, two cases of dispatching trains to a closed section, and the departures of unattached railcars. The accident, which occurred on 3 October, gives witness to the irresponsibility, callousness and complete disregard of PTE [technical operating rules] requirements that are continuing on the railroad. At 0214 hours express train No 58 traveling between Tashkent and Volgograd was dispatched from the Astrakhanskoye Division's station of Zaplavnoye to a section occupied by railcars that had become uncoupled from a freight consist. Fortunately, a collision with possible serious consequences did not occur. However, the fact itself testifies about the scandalous responsibility of officials to whom the receipt and dispatch of passenger trains have been entrusted.

Events developed in the following manner. At 0125 hours, double train No 3021 weighing 6,567 tons was dispatched from the station of Trubnaya on the single-track Trubnaya-Zaplavnoye section. The consist contained 95 loaded and 4 empty rail cars. A locomotive crew from the Verkhniy Baskunchak depot was operating the train: M. Andreychuk, a diesel locomotive engineer, and Kh. Sargatov, an assistant engineer. Having traveled 10 kilometers and having selected a speed of 53 kilometers per hour, the engineer tested the brakes. The following is from engineer Andreychuk's explanation:

"... After having traveled some distance, the train stopped. In doing this, there was one delay, which did not threaten a rupture of the train, during the release—more accurately after the release. Having stopped for nine minutes to release the brakes, the train resumed movement." Again, the engineer had doubts: "... I saw from the instruments that the pressure in the brake line was 0.1 atmosphere less than when dispatched from the terminal station; however, I thought that the brakes had still not completely recovered. The train was moving somewhat more heavily. I thought that all the brakes had not been released." Actually, a break had occurred in an automatic coupler along an old crack. A total of 49 railcars remained on the section.

A. Pogorelov was performing the duties of assistant station-master at Zaplavnoye. When train No 3021 arrived there, the Zaplavnoye-Trubnaya section was

essentially occupied according to the dispatcher signaling signals. The following is from the explanation of Ye. Nasipov, the train dispatcher: ... "Upon the arrival of train No 3021, the Zaplavnoye-Trubnaya section was occupied. I gave an order for Pogorelov to check whether the train had arrived whole based on the number of the rear rail car. At this time, express train No 58 was waiting at the station to be dispatched on this section."

The following is from station chief Pogorelov's explanation: "... I called the engineer on train No 58 by radio and asked him to check the rear signal of train No 3021. Based on the report of the engineer on train No 58, I understood that train No 3021 had arrived complete and I reported this to Nasipov in the dispatching center."

Indeed, Pogorelov had not convinced himself that the train had arrived whole. Having accepted the station master's false statement as the truth, the train dispatcher issued an order to dispatch train No 58. After this, it moved on the green signal to the section occupied with freight cars.

The following is from the explanation of L. Pugachev, the engineer on train No 58: "When the freight train arrived, they gave us the green light. While traveling along the consist, we noticed smoke in the rear section of several railcars. I reported this to the engineer on train No 3021. When passing the rear of the consist, our speed was 25-39 kilometers an hour. Nevertheless, I noticed that the rear end hose was not hung up. I did not notice the signal sign. I immediately reported this to the Zaplavnoye station master and the engineer of the doubled train. When I was already on the section, the Zaplavnoye dispatching point called me and suggested that I finish talking as I had reported to him the arrival of the train whole. I rejected this suggestion."

During all this, engineer Pugachev continued to drive the train until he saw the red signal on the traffic light. He stopped here. A total of 70 meters remained to the railcars standing on the section. It is terrible to imagine what could have happened. You see, the people, to whom the lives of the passengers had been entrusted were guided not by the requirements in the instructions but by emotions—"I thought," "I believed," "I hoped," evidently having forgotten that hundreds of people were traveling in the express train.

It would seem that the circumstances of this event should put railroad workers, especially the workers in this mainline's shipping service, on guard. Unfortunately, this did not happen. Passenger train No 615 traveling between Volgograd and Rostov arrived at the Volgogradskoye Division's station of Kotelnikovo at 2215 hours. A collision with train No 615 occurred due to the uncoordinated actions of L. Nistratova, the assistant stationmaster; N. Pavlov, the train make-up man; and S. Mitrofanov, the locomotive engineer while the consist was being put into shunting order. The fact that the rail cars collided with a passenger train diesel locomotive,

which was entering the station at a speed of 40 kilometers per hour, prevented a lot of trouble. People were not injured. The passenger train's locomotive, which subsequently caught fire, and mail and baggage car left the rails.

An order from the chief of the Volga based on the first incident said: "Study the circumstances of this incident with all the workers connected with the movement of trains like a painting." Evidently, the same entry will appear with respect to the second one. A natural question arises: When will they finish studying the circumstances like a painting on the Volga railroad and begin to fulfill what is written in black and white in the PTE and official instructions.

In comparison with October of last year, the number of incidents of waste in train and shunting operations for the network as a whole has decreased by 3.6 percent. At the same time, it has increased on 14 railroads and in track and container shipment facilities. The Northern, Volga, Donetsk, and Baykal-Amur have allowed a sharp increase in defects.

In comparison with last year, the number of violations of passenger train traffic safety has remained at the same level. In this regard, they have occurred most frequently on the Moscow, Volga, Lvov, Odessa, and Sverdlovsk.

As before, the condition of safety at railroad crossings is causing alarm. During the month, there were 78 cases of trains hitting motor vehicles. Sixteen people died and 46 received injuries. In two cases, buses were run over by trains due to the fault of their drivers. On the Sverdlovsk, a drunken KrAZ driver forced his way between the locomotive and the first railcar of a passing train at the unprotected crossing at the station of Bezrukovo. The driver and a passenger in the vehicle died and serious damage was done to the railroad. A total of 18 railcars left the tracks, eight catenary system supports were knocked down and more than 100 meters of track were damaged. On the main Tyumen-Ishim route, trains stood still for 14 hours.

In order to solve this problem, the Ministry of Railways Traffic Safety Main Administration submitted a number of proposals to the USSR Ministry of Internal Affairs State Motor Vehicle Inspectorate Main Administration. They were met with understanding. State Motor Vehicle Inspectorate posts have already been introduced on several roads at crossings with heavy motor vehicle traffic, especially ones with regular bus traffic. A joint patrol and post service, in which railroad workers and State Motor Vehicle Inspectorate workers participate, is being organized.

The above was based on Ministry of Railways Traffic Safety Main Administration material.

1980-1988 Rail Volumes Compared

904H0078B Moscow GUDOK in Russian 5 Dec 89 p 1

[Unattributed article: "One Day in the Work of the Branch"]

[Text]

One Day in the Work of the Branch			
Indicators	1980	1985	1988
National Economic Freight Shipped, thousands of tons	10,141	10,778	11,195
Including:			
Coal	1,990	2,065	2,183
Oil and Petroleum Products	1,151	1,148	1,144
Ore, all types	862	893	911
Ferrous metal	523	561	577
Lumber	396	409	439
Grain and re-grinding products	367	401	409
Passengers carried, thousands			
On rail transport	11,126	11,413	12,011
On subways	10,446	12,147	13,093
Commissioning of common actual living space, thousands of square meters	4.7	4.3	5.7
Children preschool establishments, places	22.7	25.4	33.0
Hospitals, beds	1.2	2.9	4.3
Planned repairs carried out			
Locomotives	355	454	467
Railcars:			
Freight	18,383	22,745	23,434
Passenger	166	176	172
Transfer of rail cars, thousands	355.4	366.9	391.1
Trains dispatched:			
Freight	14,685	14,403	14,537
Passenger	1,795	1,937	2,090
Expenditure of electrical power for train traction, millions of kilowatt-hours	130.0	151.6	166.6
The same for diesel fuel, thousands of tons	44.7	44.3	42.4

Automated Systems to Process Rail Statistics

904H0092A Moscow GUDOK in Russian 24 Dec 89 p 2

[Article by VOLZHSKAYA MAGISTRAL railroad newspaper correspondent E. Demin, Gorkiy: "Do Statistics Know Everything?"]

[Text] "The statistics know everything," says the expression that has now become a saying. But do railroad statistics know everything? Unfortunately not. That was the opinion of many of the participants at the system school for summarizing experience in the application of computer technology in statistical accounting and the development of reporting that was held recently in Gorkiy.

The participants in the school faced the question of how to bring accounting in railroad transport up to date.

Judging from the report of the deputy chief of the MPS [Ministry of Railways] Statistical Administration, Yu. Gusev, the number of forms and indicators in reporting has been cut in half in recent years. But the TsSU [Central Statistical Administration] is demanding further reductions.

At the same time, the deputy chief of the ASUZhT [Automated Control Systems for Railroad Transport] PKTB [Planning, Design and Technological Bureau], O. Rybakov, declared that a much greater amount of information is required for the normal supervision of the sector than is offered by the reporting forms. And that the quantity of them today is determined by the possibility of obtaining information rather than the need for it.

There is no contradiction herein whatsoever. New statistics are needed aimed at analysis and forecasting

rather than the recording of successes and achievements. That is possible, however, only based on the use of computer technology.

But there is nothing remarkable about computers here, after all. Computer centers have been in operation on every railroad for two decades now. Various classes of machines are also being introduced at major stations, depots and other facilities. The automated control systems for shipping and the operations of classification yards and PTOs [technical-inspection stations] have begun to have pretty good results. A system of integrated engineer-routing processing has been introduced on several railroads. We are not standing still overall, some things have been accomplished. Only develop that experience...

But specialists, and MPS Computer Administration TsSh Chief Engineer S. Potapchenko in particular, have a different opinion: "The creation of automated control systems has not justified itself. We should be talking about the computerization of society, not systems. World experience testifies to this. State policy in the realm of the application of computer technology consists of training personnel and creating nationwide and commercial databases, and especially a database on the movements of material assets."

The deputy chief of the MPS Main Computer Center, V. Davydov, as it were continues his thought: "The more than 20-year utilization of computers has not given us very much. The automation of statistical accounting is being restrained principally by the fact that two organizations for information processing exist in transport: a computer center and a machine-reporting station."

And so we have, first of all, an incorrect approach to the utilization of computer technology and, second, departmental fragmentation (even within the framework of a single agency). The solution of the first problem can be discerned from the statements of participants in the system school. The reference point here is foreign experience. There is nothing to be bashful about, we are so hopelessly far behind, and it is better to make use of what's ready than to re-invent the wheel. That is, it is time to move from the establishment of private tasks to the creation of final technologies.

At Tselina, for example, they intend to incorporate an experimental electronic railroad log in the near future, and departure information will move with the train and be corrected to the extent of changes that occur in it. But that system requires the creation of a set of ARMs [automated workstations]. A system is thereby being organized where three systems will be operating in parallel and in interaction: an ASOUP [automated system for operational shipping control], the departure log and the arrivals log.

This fact testifies to how important that is. The Hermes system is in operation in Europe using electronic bills of

lading. In two years we will pay a penalty in dollars for every railcar turned over at the border without such bills of lading.

A unified and finished technology for information support is also the point of departure for the resolution of narrower and more specialized tasks. The deputy chief of the VTs [computer center] of the Gorkiy Railroad, Ya. Lembrikov, feels in particular that the integrated processing of engineer routings, providing all information on the locomotive fleet, should also rely on a local computer network. A system of ARMs has to be created once again in order to obtain information on the fleet itself rather than on each individual locomotive. The discussion essentially concerns a fundamentally new approach to information support at the level of individual and specific tasks as well.

The developers of the automated systems have no few difficult problems. The people they call the users have their own. The deputy chief of the statistics and economic analysis service of the Kuybyshev Railroad, L. Chernionnaya, cites some depressing figures. Correct information on the arrival of trains over the course of a single day was received from only 5 of the 12 junctions on that mainline. Correct information came for a record time—10 days—from only a single junction.

A representative of the Azerbaijan Railroad reported that the railroad computer-information center does not develop statistical reports, and all in all just circulates what has been composed by hand.

Yes, manual technology frequently operates in parallel with machine technology and duplicates it. Much is "invented" independently on the spot, and individual systems are not linked up among railroads or even within them. Not to mention the fact that there are simply not enough printers available. We have, as one of the participants expressed it, an unbalanced lag in hardware.

So then, different levels of technical backwardness. But things are not so gloomy anyway. There is certain experience, shifts can be seen. At least in the fact that the analytical and forecasting functions of statistics are growing objectively stronger to the extent of the development of the paperless machine technology. And the fact that the data obtained by modern methods is becoming more and more trustworthy. They were able to eliminate the undercounting of the work hours of locomotive crews on the Gorkiy Railroad, for example, with the aid of computers.

A fundamental turnaround toward the computerization of sector management can also be seen in the recommendations of the school. Wholly concrete tasks are also being posed. The question of statistical reporting on all system railroads in 1990 based on the integrated processing of engineer routings, for example. Or the automation of tank-car accounting by types of bulk freight. Program goals for the next few years have also been formulated: "the development of all types of reporting and information should be founded on the integrated

processing of primary sources from the places where they originate, while the resolution of all statistical tasks should be founded on unified databases created according to a unified system of codification for all railroads, divisions and enterprises."

Passenger Service Chief Interviewed on New Appointment, Plans

904H0092B Moscow GUDOK in Russian 26 Dec 89 p 2

[Interview with MPS [Ministry of Railways] Main Passenger Administration Chief Valeriy Nikolayevich Shatayev by L. Malash under the rubric "Topical Interview": "We Should Say It Honestly"]

[Text] *As has already been reported, Valeriy Nikolayevich Shatayev has been appointed chief of the MPS [Ministry of Railways] Main Passenger Administration. He is the youngest chief of a main administration (he is 38 years old). No small hopes are associated with this new appointment at the sector headquarters.*

[Malash] The official chronicle of GUDOK has listed the principal milestones in your labor biography. But how did you become a "passenger person" anyway? You are, after all, a traffic specialist by field.

[Shatayev] Yes, I did get my "railroad upbringing" as a traffic specialist. After I finished the MIIT [Moscow Institute of Railroad Transportation Engineers] I worked at the Moscow-Classification Yard-Ryazan Station. Next I was at the Lefortovo Station and in the traffic department of the Moscow-Kursk Division of the railroad. And then they offered me the position of deputy NOD [railroad division chief] for passenger operations. Of course, I had not imagined at the time the whole complexity and diversity of the technology of passenger service, but I consented. I was probably enticed by the trust. But only when I became station chief of Moscow-Passenger-Kursk did I comprehend the whole weight of passenger service.

[Malash] Do you regret the fact that you have tied your fate to "non-prestigious" passenger transport?

[Shatayev] I do not regret a single step I have taken. All of this is knowledge and experience. And as for passenger transport, that is just the area where my own capabilities and my own ideas can be realized.

[Malash] What do you have to do to get into the ministry apparatus?

[Shatayev] Just have to be unlucky, I guess. Seriously, though, there is a great deal less work satisfaction here at the main administration than, say, for a station chief. The realization of your ideas and capabilities happens faster there. It's very important when they look you in the eye and say "Thank you!" You can't expect such a quick evaluation here. You should simply understand for yourself that you are doing what's needed. Therefore, in my opinion, people who have a high degree of

responsibility, as well as being competent, should be working in the ministry apparatus.

[Malash] What is your attitude toward the assertion that passenger service is the worst in the sector?

[Shatayev] I categorically disagree. It is simply a mirror reflection of our whole economy. Rail transport has lost its priority overall. Other prestige sectors of the economy were found. They were, say, aviation after the war, and then space technology and so forth. The government was investing fixed capital in the development of new areas, and transport remained outside their field of view, in a way. I think they have only begun to understand in the last two years that the railroads need help. But only to understand. No real support has been seen yet either for today or for the near future.

[Malash] But these numbers were cited by the All-Union Conference of Railroad Workers: there is a nationwide shortage of 2,000 stations, 300 of which were destroyed back in the war and have not been restored. Isn't that an indicator of terrible poverty?

[Shatayev] The figures are correct. But some of those who spoke at the conference uttered sentences like "we should reach the prewar level." That is, of course, not so. The train station before was simply a center of culture, a center of interchange, and now it's something like a refuge. Go around the Moscow stations at night, and you'll see that ninety percent of the people there are not passengers. These are people that cannot get hotel rooms. But a train station must be understood as a transfer point from one mode of transport to another. The city authorities, however, are not planning any capital investment and are trying to reject the construction of stations in general, shifting the whole weight to the railroad. So the majority of the stations are unsightly just because they lag behind the social structures of the city.

[Malash] You have arrived at the Main Passenger Administration with an action program. What tasks do you consider to be paramount?

[Shatayev] The main thing is to create a climate for normal creative labor in the apparatus. I should evaluate the capabilities of each staffer by merit. If the specialist is a good one, my task is not to direct the person, but let him uncover the opportunity to show his professional and human qualities completely... We'll conduct certifications and resolve technological, personnel and structural issues. That's the most important thing—to get the main administration started.

[Malash] Let's suppose the administration has "gotten started." Now what?

[Shatayev] Next is a combination of immediate and long-term work. I am firmly convinced that no tears can be mended without the modernization of passenger service. We have to invest money in order to obtain something new and good. The "Express" is a shining example of that. We removed the problem of selling

tickets, but the problem of a shortage of rolling stock remained. The growth in passenger traffic over 28 years (that is the operational period of the rolling stock, which I feel is a great deal too much) has been 222 percent, while rolling stock has increased 34 percent. An obvious imbalance! Gosplan sees that, so does the government, but no steps are being taken.

We are increasing the amount of transport at the expense of a worsening of quality. They have even introduced the indicator of "passenger-service density." What for? What's that, static loading? It is quite easy to reach a passenger-service density of a train, but will the passengers be satisfied? We sell general and reserved-seat tickets, and there's no other way today. One day Galina Brezhneva asked me indignantly, "Why do you only have two-berth compartments? What if I want to travel alone?" She didn't even know that there are compartment, reserved-seat and general cars as well as sleepers.

[Malash] I'm afraid that those on whom any changes depend also did and do look at transport the same way. Such "special people," separated from real life, exist, although there are not so many of them now. But even our rank-and-file fellow citizens, hardly spoiled by service, also have the right to normal conditions.

[Shatayev] Of course. True, there are quite a few who want to travel a little more cheaply. We have in this country, after all, a crazy social stratification. And marketing shows nonetheless that the demands of the population have changed, people want comfort. The open-seating cars already do not suit many passengers. And our mission for the next ten years is to alter the structure of the railcar fleet. But how can that be done in the face of such an acute shortage? We will have to write off some 18,000 cars by 1995, but we will be able to get just 12,000. We need 24,000 railcars for the five-year plan to keep today's situation from getting worse. From getting worse! And we need roughly 35,000 to improve it...

[Malash] But miracles do happen?

[Shatayev] Yes, we have to think about expanding the construction base. The discussion concerns the Nizhneudinsk Plant in Siberia. They are proposing to produce on the order of 1,200-1,400 cars a year there. And our MPS plants have to be modernized. That is what they see in the Council of Ministers. But that is roughly a third of what is needed for a gradual improvement in the quality of passenger service. That is, I see here a complete failure in the passenger system today. And both we and the government should say honestly to people that it won't get any better yet.

[Malash] Interesting, but how do they get out of such a difficult railcar situation abroad?

[Shatayev] They simply converted to new rolling stock. There are two powerful systems, the Intercity (200 kilometers/hour) and the Eurocity (250 kilometers/hour). Our cars that run across the border have to be coupled to those trains. And in Europe they still have

low-speed trains up to 160 kilometers/hour (which we don't have at all in our country), we "are working on it." But very soon we will have nothing at all to couple to their trains, we will have to make some sort of transfer at border stations. That is bad and very unprofitable. We must therefore immediately set about planning and constructing high-speed trunk lines. Only thus can we improve passenger service, all the rest is patching holes, which is now impossible anyway. The state is beginning to understand that. The GKNT [State Committee on Science and Technology] is opening up the financing of the "Leningrad-Moscow-Crimea-Caucasus" program. The aerospace enterprises are taking up the preparation and production of rolling stock.

This is a most important problem, and I will prove its paramount significance to public opinion and the government. The great mission of the main administration in this regard is unification of the technological requirements of the lines with governmental conceptions. There should be an intelligent combination of the present and the future.

[Malash] Valeriy Nikolayevich, they are speaking more and more often and loudly about raising the fares of late. They are saying it is practically a cure-all...

[Shatayev] I feel that before we raise the fee for a trip, we must create conditions that are at least relatively comfortable. So the passenger knows what he is paying for. Today you get a ticket for a compartment car in a brand-name train and there is no water, the toilets do not work, and the train is days late besides. That is, there is no protection whatsoever for the rights of the consumer.

The comfort level can be raised today only at the factory. But brand-name trains are still just our narrow departmental understanding. We must establish definite GOSTs [All-Union State Standards] for brand-name trains that Gosstandart [State Committee for Standards] is responsible for. Then we railroad workers will bear full responsibility both to the state and to the consumer. And then you will be able to raise the fares. And the other trains must be brought closer to the status of brand-name trains.

[Malash] The passenger traffic schedule is a serious problem today. The trains are late not by hours now, but by whole days and even more. How can order be restored, in your opinion?

[Shatayev] Whatever schedule you are talking about, the opinion still exists at the very center of the ministry apparatus that the passengers are just a nuisance in the work. Who cares about the schedule besides the passenger-service workers? No one! The traffic people work purposefully at the movement of freight. The railroad chiefs are not chastised for the fact that the passenger trains are constantly late, but for bulk freight, coal, freight shipments, heavy trains. L. Voronin, the first deputy chairman of the Council of Ministers, had not a word to say about passenger service at a meeting of

railroad workers. Not a word! What can you say then about the performers of that service?

The unreliability of the equipment is one thing, but much lies heavy on the conscience of the traffic workers. I feel that the schedule could be improved fifty percent through the highest possible responsibility, without capital investment. The traffic workers, under today's conditions, should have a vested material interest in the observance of the passenger traffic schedule. Say a dispatcher section has accepted a late train, but an opportunity exists to catch up. Catch up and get a hundred rubles for it. Where does this money come from? From whoever handed over the train late.

If the train is four hours late, of course, it cannot get back on schedule, the gap can only be reduced. Here a schedule indicator should operate instead of direct material incentives. But it does not happen that a train is four

hours late all at once here, it starts with a minute here and there on each dispatcher section. And if a dispatcher knew that he could earn a hundred without ceremony for pushing a late one along, he would fight over the schedule.

There is, by the way, another task for the main administration—prove to the central apparatus of the ministry the priority of passenger technology. When the freight trains proceed "at random," knocking off the passenger trains, it is impossible to regulate traffic.

[Malash] And a final question, Valeriy Nikolayevich: will the Main Passenger Administration be economically accountable?

[Shatayev] I think it will. But that must proceed "from below," not "from above." Economically accountable relations in the local areas should be the base.

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